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THE OFFICE OF JORDAN DISTRIBUTION BERLIN

Winds of Reform Swirl in China

Political Talk Grows Bolder as Party Congress Nears

By Steven Mufson
Washington Post Service

BEIJING — Just two months before a key Communist Party congress, China's cautious president and party chief, Jiang Zemin, appears to be veering toward economic reformers and tolerating the first talk of political reform since before the violent 1989 crackdown on protesters near Tiananmen Square.

In a swipe at the dwindling ranks of Marxist ideologues, the Communist Party mouthpiece, the People's Daily, ran a front-page editorial last week saying that "the words 'market economy' have been writ large on the flag of socialism for the first time."

The party newspaper denounced party members who favored a slowdown in market reforms and seemed to indicate that recent outbreaks of labor unrest around the country would not derail efforts to overhaul state enterprises.

"We ran a planned economy for more than 20 years and created the foundations of industrialization, but it was still an economyof scarcity and an economy of poverty," the paper said. "Ahead is a new world. There is no way back."

NEWS ANALYSIS

Meanwhile, for the first time since 1989, a handful of intellectuals who are not part of the dissident community have spoken openly about the need for political reform and advocated free elections and referendums on important national issues.

A Beijing University economics professor, Shang

See CHINA, Page 4



Jim Hollander/Reuters

The U.S. envoy Dennis Ross facing the press Sunday after meeting with Prime Minister Netanyahu at the beginning of his Mideast peace mission.

U.S. Envoy Runs Into Obstacles In Mideast

Amid Deep Mistrust, Ross Tries to Restore Security Framework

By Douglas Jehl
New York Times Service

JERUSALEM — President Bill Clinton's special envoy to the Middle East ran into fresh obstacles Sunday as he began a quest to restore what he called "the security underpinnings" of Israeli-Palestinian ties.

The envoy, Dennis Ross, met separately for hours with Israel's prime minister, Benjamin Netanyahu, and Yasser Arafat, the Palestinian leader. But the two sides voiced very different views about just what the American envoy should be

U.S. decided to speed talks. Page 9.

trying to tackle, and each accused the other anew of acting in bad faith.

With such mistrust threatening to shatter the Israeli-Palestinian partnership, Mr. Ross outlined a limited goal for his mission, saying that his primary purpose would be to restore cooperation on security issues, which he described as the basis of the effort to forge a broader peace.

Israeli officials remain convinced that willful neglect, at least, on Mr. Arafat's part contributed to last week's suicide bombing in Jerusalem, and they said Sunday that the sole purpose of Mr. Ross's mission should be to persuade the Palestinian authorities to crack down on Islamic militants.

In a television interview, Mr. Netanyahu said that Israel would ease none of the punitive measures it has imposed on the Palestinians until it sees evidence of concrete action.

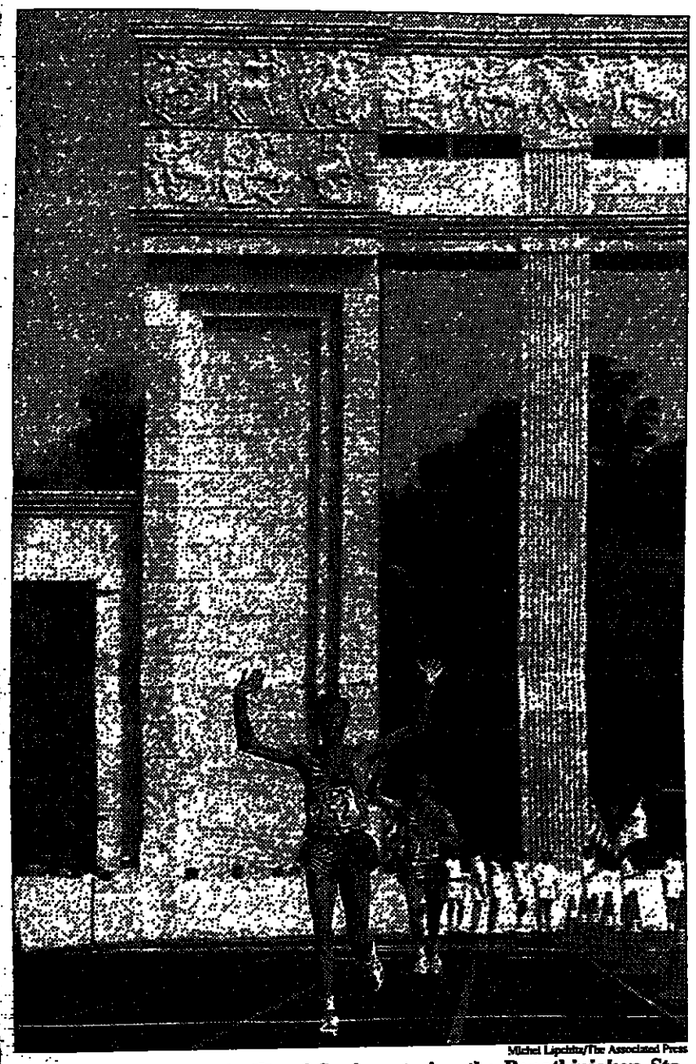
But his Palestinian counterparts said that the talks should address their concerns as well, including the harshness of Israel's retaliation and the construction that began in March of new housing for Israelis in Arab-dominated Jerusalem. To them, it is that step that has constituted the most serious breach of faith.

And the day also included a flurry of claims and counterclaims, with top Israeli officials casting doubt on Mr. Arafat's assertions that his forces have indeed taken steps to crack down on potential terrorist violence. Mr. Arafat insisted Saturday that the Palestinian Authority was providing full assistance to the Israelis in their investigation into the July 30 bombing.

But a top adviser to Mr. Netanyahu said that Israeli officials had told their American counterparts at a meeting

See MIDEAST, Page 9

Stockholm Bomb's Shock Travels Far



Michel Lipchitz/The Associated Press

Abel Anton and Martin Fiz of Spain entering the Panathiniakon Stadium in Athens, first and second in the World Championships marathon.

Rivals for Olympics Feel Effect in Athens

By Ian Thomsen
International Herald Tribune

ATHENS — So powerful was a small bomb detonated in Stockholm last week that it set off a chain reaction 1,500 miles away in Athens, where officials of three European cities seemed to be using the attack to propel their own campaigns to host the 2004 Olympic Games.

At times, the issues of the upcoming Olympic election dwarfed the IAAF World Championships, the 10-day track and field meet that ended Sunday without any world-record performances.

With its field of 200 countries, more than were represented last summer at the Olympics, the World Championships became something of an international athletics convention.

Athens used its first-class organization of these championships to promote its ability to host the 2004 Summer Olympics, which will be awarded to one of five cities by a secret ballot of the International Olympic Committee on Sept. 5 in Lausanne, Switzerland.

Rome is favored to win the Olympic election. The city's most controversial advocate is Primo Nebiolo, the president of the International Track and Field Federation, who tried to score points for Rome by criticizing the Athenian organizers this week.

The other European contender, Stockholm, set out this weekend to distance its Olympic bid from the spate of attacks on Swedish sports sites over the last four months.

Since May, arsonists have attacked seven sports arenas in the Stockholm area.

The home of former Prime Minister Ingvar Carlsson, a leading supporter of Stockholm's candidacy for the 2004 Games, was attacked by an arsonist in June.

See GAMES, Page 18

Holbrooke Is Blunt: Remove Karadzic Now

By Edward Cody
Washington Post Service

BELGRADE — Senior U.S. envoys have bluntly warned President Slobodan Milosevic of Yugoslavia that President Bill Clinton's administration is prepared to arrest the Bosnian Serb leader Radovan Karadzic unless he takes himself out of circulation voluntarily.

The message — delivered by the former assistant secretary of state Richard Holbrooke and the administration's Bosnia point man, Robert Gelbard — reflected an assessment that Mr. Karadzic's removal as a political force was essential to the success of the troubled U.S.-led effort to bring a permanent peace to Bosnia.

"I was exceedingly blunt about what could happen, and you can quote me on that," Mr. Holbrooke said.

Official sources in Washington said the North Atlantic Treaty Organization drafted plans several months ago for an operation to capture Mr. Karadzic, should civilian authorities give the order. Under one approach being seriously considered, NATO troops would provide an outer ring of security, while specially trained commandos would carry out the capture.

Mr. Holbrooke, who engineered the November 1995 Dayton peace agreement on Bosnia, has since returned to investment banking. But he suited up as a diplomat again for a four-day Balkan tour with Mr. Gelbard, seeking to put into practice a resolve by the Clinton administration to infuse the Bosnia mission with new energy before the 1998 deadline for the withdrawal of U.S. peacekeeping troops.

"I think we've picked up some steam," Mr. Holbrooke said as he and Mr. Gelbard left Saturday at the end of a trip that took them first to Croatia, then to Bosnia and finally here to Yugoslavia, now composed of just Serbia and Montenegro.

Agreements reached as the pair

See BOSNIA, Page 6



Ian Jones/Reuters

Princess Diana, left, comforting a woman during a visit Sunday to a Sarajevo cemetery. Meanwhile, Diana's love life heats up. Page 5.

AGENDA

Clinton Will Use Line-Item Veto

WASHINGTON (Reuters) — Treasury Secretary Robert Rubin said Sunday that President Bill Clinton would announce Monday which parts of the balanced-budget package he would use his new line-item veto powers on.

Mr. Rubin made his comments on NBC's "This Week." "He'll use it on both the tax and the spending side."

The line-item veto, a Republican initiative that Mr. Clinton strongly supported, is almost certain to face a court challenge after its first use.

Guam Radar Flaw

A software error crippled an airport radar system that might have prevented the crash of a Korean Air jet in Guam last week, U.S. investigators said Sunday. Page 2.

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Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Kids Start to Pop Prozac

As Sales Fall, Drug Firms Seek New Customers

By Barbara Strauch
New York Times Service

NEW YORK — The Long Island girl is nearly 15 years old and she has been taking Prozac since she was 5.

Before Prozac, she was a mess. She could not be left alone, even for minutes. Strangers terrified her, and she was obsessed by thoughts that her parents were dying or burglars were breaking into her house. Conventional therapy failed, said the girl's mother, who spoke on the condition that she and her daughter not be identified.

But after taking Prozac, the girl was transformed. Today, she is in her school's honors program.

In the decade the girl has taken Prozac — now in its 10th year on the market and the most popular anti-depressant ever in the United States — the drug has not been approved for children. No anti-depressant has ever been formally cleared for children or adolescents.

But that could be about to change. The drug company that makes Prozac, Eli Lilly, has submitted data on the drug to the Food and Drug Administration in an effort to have it approved for children. The agency has asked for more information.

Companies that make similar new anti-depressants, most of which regulate mood by adjusting the brain chemical serotonin, are gathering information and conducting pediatric studies in hopes of getting federal approval for use of their drugs on children.

SmithKline Beecham is analyzing the results from two large studies of its drug, Paxil, on adolescents. Bristol-Myers Squibb Co. is doing a trial of Serzone and American Home Products Corp. is testing Effexor.

Approval by the Food and Drug Administration is, in fact, not necessary.

Once the agency approves a drug for sale, doctors can prescribe it to anyone for any purpose. So the new medications have quietly flowed into the children's market. But the agency's approval of an

See PROZAC, Page 13

Size of Traffickers' Profits Gives U.S. a Huge Target

By Douglas Farah
Washington Post Service

WASHINGTON — Mexican and Colombian drug traffickers, confronted with regulations that make it increasingly difficult to transfer their hundreds of millions of dollars in illicit gains back home, are facing a quandary: what to do with the mountains of cash their business generates, mostly in small bills.

According to Justice Department calculations, the weight of the cash generated by the street sale of heroin is about 10 times the weight of the drug itself, so a ton of heroin generates 10 tons of cash. For cocaine, the weight is about six times the weight of the drug sold.

The traffickers' need to move huge volumes of cash "could provide law enforcement with perhaps its best opportunity to target these illicit proceeds," according to Mary Lee Warren, a deputy assistant attorney general.

"If a trafficking organization sells $1 billion worth of illicit drugs on the streets of New York, it must contend with more than 256,000 pounds of illicit currency," or about 116,000 kilograms, Ms. Warren told Congress last month. "If we assume a conservative figure of $50 billion for all illicit drugs sold in the United States, the amount of illicit currency produced by those sales weighs almost 13 million pounds."

That cash must either be introduced into the legal financial system in the United States or shipped to less regulated markets. Because the money is extremely difficult to trace once it enters the financial system or leaves the country, Ms. Warren said, "our basic anti-money-laundering objective is currently to identify and prevent the initial placement of the drug proceeds into our financial systems." During the late 1970s and early 1980s, drug traffickers, dealing with far smaller volumes of cash, shipped it back home on the same airplanes and boats that delivered the drugs.

As business boomed and the traffickers became more sophisticated, they became proficient at using the banking system and money exchange houses to ship money to home countries with a minimum of risk.

The criminal organizations also developed sophisticated strategies for laundering their money, or making it appear that the money was the result of legitimate businesses, by creating hundreds of phony companies that allowed them to justify a huge cash flow.

But law enforcement agencies increasingly have targeted the flow of money, adding new reporting

See CASH, Page 6

Dollar Marks A Pause in Its Summer Climb

By Carl Gewirtz
International Herald Tribune

PARIS — The showdown looming this week between apparently invincible market forces pushing the dollar higher and a determined German central bank seeking to arrest the Deutsche mark's slide vanished Friday as the dollar suddenly lost its glitter.

The dollar dropped against most other major currencies, losing a hefty 3 percent against the yen, to 114.83 yen, sparked by Japan's burgeoning trade surplus report, and 1.3 percent versus the Deutsche mark, to 1.8455 DM.

But it was the loss against the mark that was the most significant because, if sustained, it would free the Bundesbank from its veiled threat to defend the German currency.

Analysts say that the dollar is expected to pause for the rest of the summer, unless U.S inflation data to be released Wednesday and Thursday are perceived as pointing to a rise in U.S. interest rates.

They also expect the Bundesbank to keep its securities repurchase agreement rate at a fixed 3 percent this week, unless the dollar threatens to break above 1.90 DM.

It was never certain that the German central bank would follow through on its threat to nudge up domestic interest rates this week.

But it is widely assumed that such a move could create ripples: A rate increase carried the risk that it would be ineffective in stabilizing the mark — thereby damaging the credibility of the Bundesbank. A German move on interest rates could also ignite tensions with France, which cannot afford to raise its rates even though the franc

See DOLLAR, Page 13

Troublesome Refugees / **A Democracy Deals With Imported Political Struggles**

Canada Tries to Balance Immigrants and Liberties

By Howard Schneider
Washington Post Service

TORONTO — In the taxonomy of global terrorism, Canada might seem like a bit player, a middle power with no symbolic value as a target, no colonial past to inspire vengeance and few controversial entanglements in the world.

But on the streets of Toronto, an estimated several thousand members of the Tamil Tiger rebel group have taken temporary refuge from their rebellion against Sri Lanka, using Canada as a base to regroup and seek funds. In some neighborhoods, rival gangs, not directly linked to the Tigers but vicious nonetheless, have dueled in gun battles for control of the local turf.

In British Columbia, militant Sikhs press their cause for a separate state in India through local clashes with more moderate members of the religion and, in one notorious case, the 1985 bombing of an Air-India jet.

Canadian security officials say the radical Shiite Muslim group Hezbollah has an "infrastructure" in Canada to harbor terrorists from abroad and possibly plan future attacks. And since the 1960s, Jewish and other groups have monitored, and complained about, the relatively comfortable lives that Nazi war criminals, convicted Palestinian terrorists and others have had in some of Canada's most innocuous middle-class neighborhoods.

The country in modern times has opened its arms to the world, offering shelter to tens of thousands of refugees seeking protection under United Nations conventions, encouraging the immigration of skilled workers and investors and transforming the nation's cities into a polyglot mosaic. But in doing so, Canada also has imported the political struggles of those refugee and immigrant groups and, some security analysts say, offered too passive a response.

"We need to wise up in more general terms about the growing nature of the threat," said Dave Harris, president of Insignis Strategic Research and the former director of strategic planning for the Canadian Security Intelligence Service, Canada's spy agency.

"It all adds up to expanding networks, and it is the network nature of what is going on that is alarming," Mr. Harris said, citing expatriate groups such as the Tamil Tigers trying to support a rebellion from abroad and organizations such as Hezbollah that see Canada as a gateway to the rest of North America.

"You have organized channels and movement and infrastructure, and we are seeing evidence of the expansion of these things with the use of Canada as a base."

But Benoit Chiquette, a spokesman for the Canadian immigration service, said that whenever concern over terrorist activity in North America was raised, it had to be counterbalanced with concern for the civil liberties and rights that had made Canada attractive to the vast majority of law-abiding immigrants. Politics alone does not make a person dangerous, he said, a basic principle upheld in the Canadian courts.

"We live in a democratic society where we have chosen to have freedom of movement," Mr. Chiquette said. "With the huge movement of people, it would be impossible to assure that we would never allow in someone inadmissible."

Gathering intelligence on groups such as the Tigers or Hezbollah, or on individuals who might pose a security threat in Canada, falls primarily to the Security Intelligence Service. The agency says little publicly about its work, only that it coordinates closely with the immigration service. Mr. Harris points out, however, that the agency's budget has been cut along with that of every other government department as Canada battles its deficit and that its total staffing has fallen to 2,200 from an estimated 2,700.

There would seem to be no shortage of work for it to do, however. Twice in the past few months, individuals from the Middle East who had surfaced in Canada subsequently were linked to actual or planned bomb attacks aimed at Americans.

Hani Abdel Rahim Sayegh was deported to the United States from Ottawa to face charges associated with the bombing of an apartment building in Saudi Arabia a year ago that killed 19 American military personnel.

He was seeking refugee status in Canada but was arrested after U.S. and Saudi officials told Canadians about his possible involvement in the bombing and his membership in Hezbollah. He offered no counterargument at his deportation hearing.

In their case against him, Canadian officials contended that Hezbollah had an active organization in Canada, a belief they developed in part after hearing testimony from another accused member of the radical group, Mohammed Hussein Husseini, who was given refugee status in Canada in 1991 but later deported to Lebanon after the security agency decided he was a security risk.

Last month, Gazi Ibrahim Abu Mezer, 23, was arrested in Brooklyn after police there were told that he and a roommate were planning a bomb attack on the New York subway system.

Mr. Abu Mezer had been living in Canada since 1993, when he won refugee status by arguing that, as a Palestinian, he had been persecuted in Israel, according to the U.S. Immigration and Naturalization Service. He was arrested in Washington state after his third attempt to enter the United States illegally across the lightly guarded border. Released on bond, he was in the midst of deportation proceedings when police raided his Brooklyn apartment.

AMERICAN officials are not yet alleging the same kind of connection with a terrorist group in Mr. Abu Mezer's case that they are with Mr. Sayegh. And New York's mayor, Rudolph Giuliani, has criticized the U.S. immigration agency, contending that it shared responsibility for releasing Mr. Abu Mezer on bond and then not keeping track of him until his scheduled deportation Aug. 23. The authorities said there were five bombs, apparently rigged for a suicide attack, in his apartment when police arrested him.

But in some ways, Mr. Abu Mezer's case illustrates even better the vulnerabilities of each country's immigration system.

Back home, Mr. Abu Mezer had done little more than throw rocks along with other youths during the Palestinian uprising known as the *intifada* — hardly the mark of a suicide bomber and little reason for Canadian immigration officials to consider him a security threat.

Likewise, the United States had simply given Mr. Abu Mezer the due-process rights expected of a democratic country; he was freed on bond when there was no apparent evidence of the violent anti-U.S. sentiment subsequently found in pamphlets found in his apartment.

But Canadian law enforcement officials know all too well the repercussions of a mistake. In 1985, Air-India Flight 182 exploded off the coast of Ireland, en route from Toronto to India. The explosion killed all 329 people aboard, most of them Canadians. The chief suspects were members of a Sikh separatist group based in British Columbia.

One of the central suspects was killed in a gun battle with Indian police several years ago, but the Royal Canadian Mounted Police are still trying to gather evidence so others can be charged.

In another case, the mounted police had to charge one of their own after it was discovered that a man who had been hired to translate documents, Kumaravelu Vignarajah, was a commander of the Liberation Tigers of Tamil Eelam, a paramilitary group that Canada classifies as a "terrorist organization."

He was also apparently a spy for the Sri Lankan intelligence service.

Mr. Vignarajah, one of an estimated several thousand possible Tiger guerrillas in the Toronto area, was given refugee status in 1989; when the police searched his home, they found stolen police electronic equipment and transcripts of cases he had worked on. Mr. Vignarajah ultimately pleaded guilty to the thefts; a spokesman for the mounted police said no investigations had been compromised.

In such cases, Canadian officials say, the country is swift to move and has shown its willingness, as it did with Mr. Sayegh, to invoke national security and deport people considered to pose a terrorist threat.

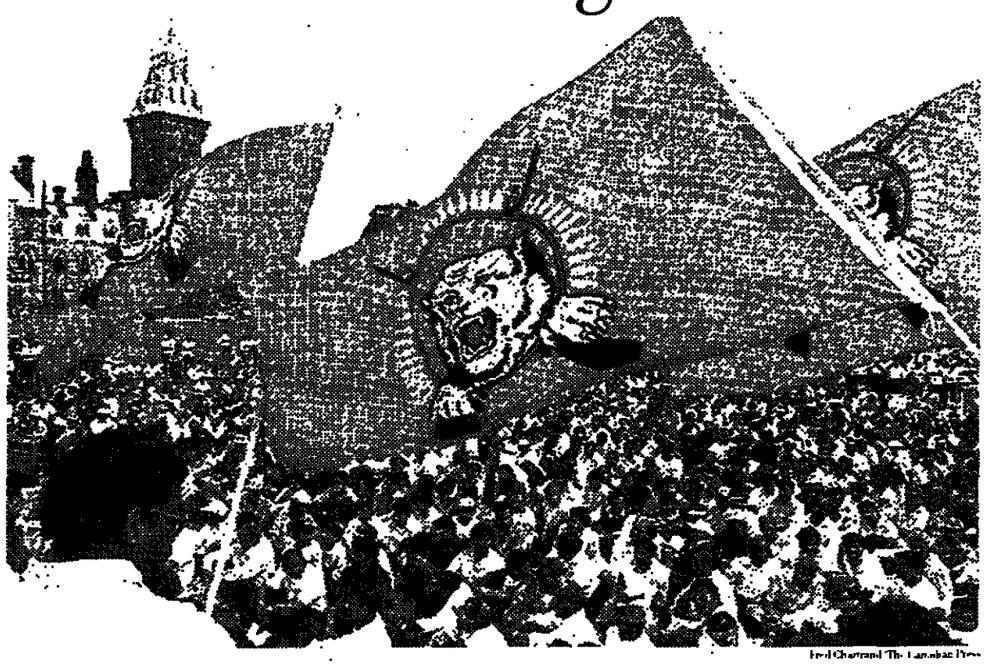
More ambiguous, say activists such as Bernie Farber, director of the Canadian Jewish Congress, has been the response to people who have done wrong abroad but seem to pose little threat to Canada itself.

In a country that prides itself on diversity, the risk of offending any particular nationality when there is no imminent danger to Canadians can weigh heavily.

For example, the country has only begun investigating a handful of cases despite the likely presence in Canada of at least several dozen, and perhaps several hundred, former Nazis, including some who fled from the United States as a result of investigations there.

Others also have been able to stay in Canada far too long, Mr. Farber contends. Mahmoud Mohammad Issa Mohammad was convicted in Greece in the late 1960s for the bombing of an El Al plane, an act carried out under the banner of the Popular Front for the Liberation of Palestine. Released from a Greek prison in a hostage exchange, he eventually was allowed to emigrate to Canada. A political uproar ensued, and Canadian officials decided to move to deport him. That was 10 years ago. His case is still in the courts.

"Unless they can bring past criminals who abuse our immigration system to justice," Mr. Farber said, "today's criminals will look to Canada."



Fred Chartrand/The Canadian Press

Sri Lanka's Tamil Tigers, thousands of whose supporters have demonstrated on Parliament Hill in Ottawa, above, are among the radical groups that have found a haven in Canada, thanks to the country's relaxed immigration laws and what critics call government passivity.

Software Flaw Crippled Guam Radar System, Inquiry Shows

Compiled by Our Staff From Dispatches

AGANA, Guam — A software error crippled an airport radar system that might have prevented the deadly crash of a Korean Air jet in Guam last week, U.S. investigators said Sunday.

The system, called Radar Minimum Safe Altitude Warning, normally issues an alert if a jet is flying too low, and officials on the ground can then tell the pilot.

Federal agents investigating the crash, however, said the system, at the U.S. territory's Andersen Air Force Base, had been modified recently, and an error apparently was inserted into the software.

Korean Air Flight 801 crashed into a hillside overlooking Guam International Airport on Wednesday morning, killing 225 people. Investigators are trying to figure out why the jet was flying so close to the ground.

National Transportation Safety Board investigators said the software error could not be pinpointed as the culprit in the crash, but they said a properly working system could have alerted the pilot to pull the jet to a higher altitude.

"This is not a cause — it might have possibly been a prevention," George Black, a member of the board, said.

The system, monitored by the approach controller from the time an aircraft gets within 55 miles (88 kilometers) of the runway, failed after the authorities made adjustments to reduce the number of false alerts, Mr. Black said.

"The modification modified too much," he said.

The finding is a major piece of the puzzle of the crash. Investigators have said they think the pilot had full control of the jet at the time of the crash and are looking for clues to tell them why he was flying so low.

Guam's airport authority acknowledged earlier that a glide scope system that provides an electronic beam to guide the descent of a landing plane was removed for maintenance about a month before the crash. But the investigators said the aircraft's pilots were aware of this.

Even without the Radar Minimum Safe Altitude Warning System, the pilot had several other instruments that could have told him that the plane was too close to the hillside.

"This is just one piece," the lead investigator, Gregory Feith, said. *(AP, AFP)*

■ One Crash Victim Identified

The first victim of the crash has been identified, raising hopes that anguished families will soon formally learn the fate of their loved ones, Reuters reported.

Matt Furman, spokesman for the U.S. National Transportation Safety Board, told the families Sunday that the first body had been identified late Saturday, but he refused to give details.

Mr. Furman said remains of about 140 victims had been recovered so far and were awaiting identification.

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Qualification of Consultants
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The Kowloon-Canton Railway Corporation (KCRC) intends to commence detailed design for Phase I of West Rail, a 30.5km, double-tracked, electrified railway system serving Hong Kong's Northwest New Territories providing passenger services, with a maintenance depot and 9 stations.

KCRC proposes to appoint qualified consultants to perform detailed design for the project for the following packages:

- DD-200 Yuen Long Section
- DD-210 Tuen Mun Section
- DD-300 Tsuen Wan Section
- DD-400 Sham Shui Po Section
- DD-600 West Rail Depot and Station

The work will include civil/structural, architectural, mechanical and electrical design services, and administration and supervision of the Works.

Consultants will be required to progress the design from a preliminary stage that is approximately 25% complete to a final design to allow construction of the Works. The Consultant will also be required to assist in the preparation of construction contract documentation.

More detailed descriptions of the work activities will be included in the Pre-qualification Questionnaire.

Requests for a Pre-qualification Questionnaire should be made on company letterhead by facsimile to the Kowloon-Canton Railway Corporation, Attention: Procurement Manager at (852) 2601-2671. Requests for questionnaires received by the Corporation after 22 August 1997 may be too late for consideration.

KCRC will, at its sole discretion, evaluate responses to the Pre-qualification Questionnaire. Those organisations which KCRC determines to be suitably qualified will be invited to tender.

No communications in response to this advertisement will be accepted by KCRC except by facsimile at the above noted facsimile number.

Interested firms are advised that this invitation of expression of interest is only for the Detailed Design, which is a necessary part of the planning process, and that the construction of Phase I of West Rail will be subject to the approval of the Hong Kong Special Administrative Region Government in around September 1998.

九廣鐵路公司
Kowloon-Canton Railway Corporation

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Chad, Jordan, Zimbabwe.

TUESDAY: Israel, Thailand, Zimbabwe.

WEDNESDAY: Central African Republic, Tunisia.

THURSDAY: Italy, Morocco, Pakistan, Vatican City.

FRIDAY: Andorra, Austria, Bangladesh, Belgium, Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chile, Congo, Costa Rica, Croatia, Cyprus, Equatorial Guinea, France, French Guiana, French West Indies, Gabon, Gambia, Georgia, Greece, Guatemala, Guinea, Haiti, India, Italy, Ivory Coast, South Korea, Lebanon, Liechtenstein, Luxembourg, Madagascar, Malta, Monaco, New Caledonia, Panama, Paraguay, Poland, Portugal, Rwanda, Senegal, Slovenia, Spain, Togo, Vatican City.

SATURDAY: Dominican Republic, Gabon.

Sources: J.P. Morgan, Reuters, Bloomberg

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TRAVEL UPDATE

Swim Ban Lifted on Norman Coast

PARIS (AP) — The French Coast Guard on Sunday lifted a ban on swimming and other maritime activities along the Normandy coast, which is recovering from an oil slick from a tanker registered in the Bahamas. Fishing is still banned.

Red warning flags have been flying since Thursday around the port of Le Havre, the neighboring town of Sainte-Adresse and the resorts of Trouville and Deauville.

The oil was spilled Wednesday from the tanker, which was trying to dock at Le Havre. The tanker rammed the dock and the impact pierced the ship's hull, releasing about 120 tons of the vessel's fuel into the harbor. About 200 birds, drenched in black sludge and stranded on the shore, were treated over the weekend at a nearby nature center. Many were expected to die, however, because they had swallowed fuel.

Record Year for French Tourism

PARIS (AP) — A strong dollar and falling airline prices are helping make this a vintage year for French tourism, a bright spot in an otherwise bleak economy, the daily Le Monde reported. Tourists are coming in greater numbers and staying longer, Le Monde said, quoting Maison de France, an organization that promotes France overseas.

The number of tourists could rise by as much as 10 percent this year compared with 1996, the paper reported. On average, an estimated 60 million foreigners visit France every year.

Two experienced French climbers and two hikers fell to their deaths in separate accidents over the weekend. Three of the victims were climbing in the French Alps and the fourth in the central Auvergne region. In the Stubai range of the Austrian Alps, a 45-year-old German died after falling 100 meters (300 feet), the police in Innsbruck said Sunday. *(AFP, Reuters)*

Malaysia plans to issue identity cards to an estimated 2 million foreign workers in the country, the deputy home minister, Rosli Ghazali, said Sunday. The workers enter Malaysia on permits valid for a limited period and for specific positions. The government also said it would introduce job identification cards for Malaysians and Singaporeans who commute across the border daily to work. *(AFP)*

WEATHER

Europe

	Today High	Today Low	Today	Tomorrow High	Tomorrow Low	Tomorrow
	C/F	C/F		C/F	C/F	
Algarve	25/77	17/62	s	24/75	19/66	pc
Amsterdam	23/84	15/66	s	26/79	16/61	pc
Ankara	32/91	12/53	sh	27/80	11/52	pc
Athens	28/82	21/70	pc	29/84	19/66	pc
Barcelona	24/75	18/64	pc	27/80	19/66	pc
Belgrade	23/73	13/55	sh	26/79	13/55	pc
Berlin	27/80	17/62	s	27/80	18/64	pc
Brussels	29/84	18/64	s	26/79	16/61	pc
Budapest	27/80	14/57	pc	29/84	16/61	pc
Copenhagen	23/73	16/61	s	26/79	18/64	pc
Costa Del Sol	29/77	18/64	s	30/86	21/70	pc
Dublin	24/75	14/57	sh	18/64	9/48	pc
Edinburgh	27/80	17/62	pc	24/75	15/59	sh
Florence	33/79	17/62	r	29/84	16/61	pc
Frankfurt	27/80	15/59	s	27/80	17/62	pc
Geneva	27/80	17/62	r	29/84	16/61	pc
Helsinki	21/70	9/48	pc	22/71	15/59	s
Istanbul	24/75	17/62	c	26/79	17/62	pc
Kiev	23/73	14/57	c	24/75	14/57	pc
Las Palmas	25/77	19/66	s	27/80	21/70	pc
Lisbon	24/75	17/62	pc	29/82	19/66	pc
London	28/82	18/64	sh	25/77	14/57	pc
Madrid	29/84	15/61	pc	34/93	19/66	pc
Mallorca	30/86	18/64	s	30/89	19/66	pc
Milan	28/79	19/66	sh	31/88	19/66	pc
Moscow	24/75	13/55	c	13/73	14/57	pc
Munich	26/79	13/55	s	25/77	15/59	pc
Nice	28/79	21/70	r	29/82	21/70	pc
Oslo	23/73	15/59	sh	26/79	18/64	pc
Paris	28/82	17/62	s	26/79	15/59	pc
Prague	26/79	12/53	s	24/75	14/57	pc
Reykjavik	15/59	14/57	r	21/70	10/50	pc
Riga	25/77	15/59	pc	23/73	14/57	pc
Rome	27/80	19/64	c	28/82	17/62	pc
St. Petersburg	23/73	11/52	c	18/64	12/53	s
Stockholm	20/68	12/53	pc	24/75	18/64	s
Strasbourg	31/88	18/64	pc	29/84	18/64	pc
Tallinn	21/70	11/52	pc	20/68	13/55	s
Tbilisi	34/93	21/70	pc	33/91	22/71	pc
Venice	25/77	17/62	s	28/82	19/64	pc
Vienna	28/79	14/57	s	24/75	16/61	pc
Warsaw	23/73	13/55	pc	24/75	13/55	pc
Zurich	27/80	17/62	c	27/80	18/64	pc

Middle East

Abu Dhabi	44/111	30/86	s	44/111	30/86	sh
Beirut	26/79	19/66	s	27/80	21/70	pc
Cairo	34/93	23/73	s	35/91	21/70	pc
Damascus	34/93	13/55	s	34/93	16/61	pc
Jerusalem	27/80	14/57	s	27/80	15/59	pc
Luxor	42/107	21/70	s	39/102	22/71	pc
Riyadh	43/109	27/80	s	44/111	29/84	pc

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream — Unreasonably Cold — Unseasonably Mild — Heavy Rain — Heavy Snow

North America
Steamy in the Southeast with scattered thunderstorms Tuesday through Thursday. The Pacific Northwest and the Southwest will be hot and dry. Portland will reach 35 degrees and Phoenix will be near 45. Thunderstorms with heavy downpours will rumble through the Midwest.

Europe
Mostly sunny and very warm to hot in Spain, southern France and most of Italy. London and most of England will have showers Tuesday, then partly sunny and pleasant Wednesday and Thursday. Soaking rains are in store for Scotland. Warm and nice in central and Eastern Europe.

Asia
It may shower in Tokyo and Seoul Tuesday, then partly sunny and warm through Thursday. Mostly sunny and hot in Beijing through the period. But heavy rains are likely in east-central China. Very warm and humid with showers in Hong Kong. Taiwan will also be steamy with a shower or two.

North America

	Today High	Today Low	Today	Tomorrow High	Tomorrow Low	Tomorrow
	C/F	C/F		C/F	C/F	
Anchorage	16/61	13/55	sh	22/71	11/52	sh
Atlanta	30/86	22/71	c	31/88	22/71	pc
Boston	30/86	19/66	pc	28/82	17/62	c
Chicago	24/75	16/61	sh	28/82	17/62	sh
Dallas	35/95	24/75	pc	36/97	24/75	pc
Denver	31/88	14/57	pc	31/88	14/57	pc
Detroit	24/75	17/62	r	29/82	17/62	sh
Honolulu	31/88	23/73	pc	31/88	23/73	pc
Houston	35/95	23/73	pc	34/93	23/73	pc
Los Angeles	24/84	14/57	s	32/89	16/61	pc
Miami	33/91	25/77	pc	32/89	26/79	pc
Minneapolis	23/73	13/55	s	26/79	14/57	pc
Montreal	26/79	14/57	r	23/73	14/57	pc
Nassau	32/89	23/73	pc	33/91	25/77	pc
New York	27/80	22/71	pc	29/84	22/71	c
Orlando	31/88	23/73	sh	33/91	24/75	pc
Phoenix	42/107	27/80	s	41/106	26/79	pc
San Fran	22/71	14/57	pc	21/70	11/52	pc
Seattle	21/70	16/61	s	28/82	17/62	pc
Toronto	23/73	14/57	r	24/75	13/55	pc
Vancouver	24/82	16/61	s	26/79	17/62	sh
Washington	31/88	22/71	pc	32/89	23/73	c

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, w-weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Asia

	Today High	Today Low	Today	Tomorrow High	Tomorrow Low	Tomorrow
	C/F	C/F		C/F	C/F	
Almaty	30/86	14/57	c	27/80	14/57	pc
Bali	28/82	19/66	s	30/86	21/70	pc
Bangkok	31/88	24/75	r	33/91	26/79	pc
Beijing	34/93	26/79	s	32/89	24/75	pc
Bombay	29/84	24/75	r	29/84	25/77	pc
Calcutta	29/84	24/75	r	31/88	25/77	c
Chiang Mai	27/80	24/75	r	32/89	24/75	pc
Colombo	27/80	24/75	r	29/84	25/77	pc
Hanoi	31/88	27/80	sh	33/91	27/80	c
Ho Chi Minh	31/88	23/73	c	32/89	24/75	pc
Hong Kong	30/86	25/77	r	30/86	26/79	c
Islamabad	41/106	26/82	s	34/93	22/71	r
Jakarta	29/84	22/71	s	30/86	23/73	pc
Karachi	31/88	26/79	pc	33/91	27/80	pc
K. Lumpur	31/88	22/71	pc	32/89	24/76	pc
K. Kinabalu	31/88	23/73	pc	31/88	24/75	pc
Manila	30/86	23/73	c	30/86	25/75	s
New Delhi	37/99	27/80	pc	34/93	24/75	sh
Phnom Penh	31/88	23/73	c	32/89	24/75	pc
Phuket	31/88	24/75	r	33/91	26/79	pc
Rangoon	29/84	23/73	r	30/86	24/75	pc
Seoul	29/84	18/64	pc	29/84	21/70	c
Shanghai	32/89	24/75	pc	31/88	25/77	pc
Singapore	30/86	21/70	pc	30/86	22/71	pc
Taipei	33/91	26/79	pc	32/89	25/77	pc
Tokyo	32/89	26/79	pc	30/86	26/82	pc
Vientiane	29/82	24/75	r	31/88	24/75	pc

Africa

Algiers	29/84	17/62	s	32/89	19/66	pc
Cape Town	16/61	7/44	s	22/71	11/52	pc
Casablanca	23/73	18/64	s	26/79	22/71	pc
Harare	22/71	11/52	c	23/73	12/53	pc
Lagos	28/82	22/71	c	29/82	23/73	pc
Nairobi	24/75	9/48	pc	24/75	12/53	pc
Tunis	35/95	21/70	pc	33/91	19/66	pc

Latin America

Buenos Aires	19/66	8/46	pc	20/68	10/50	pc
Caracas	25/77	19/66	c	27/80	20/68	pc
Lima	19/66	16/61	pc	19/66	16/61	pc
Mexico City	24/75	13/55	pc	24/75	12/53	pc
Rio de Janeiro	22/71	17/62	pc	22/71	15/59	pc
Santiago	21/70	9/48	s	21/70	7/44	pc

Oceania

Auckland	13/55	7/44	r	16/61	12/53	c
Sydney	18/64	11/52	s	18/64	8/46	s

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THE AMERICAS

Can Mexico Opposition Fulfill Election Vows?

By Anthony De Palma
New York Times Service

MEXICO CITY — Mexico's new Congress will not be formally seated in the labyrinthine Palace of St. Lazarus until Sept. 1, but the first order of business is already clear. It is a familiar fight for any democracy: what to do about campaign promises to lower taxes.

In the election last month, the governing party lost its majority in Congress for the first time in 68 years. Mexicans are now learning that promising to cut taxes, as the opposition parties did in the campaign, was easier than actually doing so.

The tug-of-war between the government and the Congress has already started.

At stake in the debate over taxes is Mexico's economic recovery, a strict government regimen of taxes and the curtailed spending that helped bring the country back from the brink of economic disaster in 1995.

Mexican and United States officials contend that the recovery plan, backed by Washington, would be gored by the kind of tax cuts and economic tinkering — including an overhaul of the North American Free Trade Agreement — promised by candidates from four opposition parties.

In the past, opposition legislators routinely voted against tax increases, even though Mexicans are not heavily taxed and increases are seen as necessary to support education, health and other services that the opposition supports. As they assume a share of real power, many of them will be caught between their advocacy of greater social spending and the siren call of campaign promises to cut taxes.

Though they offered little in the way of economic justification for a tax cut, opposition candidates connected with voters. Now the four parties together outnumber the governing Institutional Revolutionary Party, or PRI, in the 500-seat lower house of Congress. If they overcome their wide differences, they will form a unified opposition majority. But of the two largest opposition parties, one is to the left of the PRI and one is to its right.

The opening days of the new Congress will also test the degree to which the election on July 6 really was the historic breakthrough that has been claimed.

When President Ernesto Zedillo addressed Mexican business leaders last week he unequivocally declared that there would be no change in the nation's economic course.

The next day, a Congressman-elect who is the leader of an opposition party's legislative caucus told Mr. Zedillo to consult the constitution.

"I told him that he should read the constitution again so that he will know what he's facing," said Porfirio Munoz Ledo, who will be the leader of the Party of the Democratic Revolution, or PRD, in the new Congress. "The economic policy of Mexico is not decided by him alone. It is a responsibility that is shared with the Congress."

The governing party's dominance of Congress until now has been so complete that there is no legal provision for selecting the equivalent of the speaker of the House in circumstances when no party has an absolute majority.

Already there is intense jockeying for leadership positions and posturing for the moral high ground in the new legislature. Because of Mexico's prohibition against consecutive terms in any political office, there is no seniority system and every legislator is considered a freshman.

In going after the long-governing PRI, all four opposition parties vowed to cut the immensely unpopular value added tax on most goods, which was raised to 15 percent from 10 percent in early 1995. At that time, even though not one opposition member of the lower house voted for the tax increase, the PRI had enough votes on its own to pass it.

In the new Congress, the PRI will still have more seats than any other party, but it will not have a majority. While the directly elected members are already selected, the electoral authorities must still determine the final allocations of seats based on the proportion of the overall vote captured by each party. The results are not expected to change significantly.

Opposition leaders say that the new Congress will not limit itself to reducing taxes. They want to revise NAFTA and to rework Mexico's entire economic course.

The approval of both houses of Congress is needed to pass the government's revenue package, and the PRI still holds a majority in the Senate. But the lower house alone approves the budget.

Since Mexico devalued the peso in 1994, the country has endured successive austerity budgets. While such measures are perceived in government and financial circles as having helped the economy to recover, many people feel choked by them.

For the United States, which backed Mr. Zedillo's recovery plan and put up $20 billion in loans to support Mexico, a politically motivated rush to rewrite the economic plans would be a disaster.



Reuters

Vice President Al Gore looking on as President Bill Clinton signed an executive order that will make all executive branch buildings smoke-free within one year.

Clinton Widens Ban In War on Smoking

Los Angeles Times Service

WASHINGTON — Moving to protect nonsmokers from the effects of tobacco, President Bill Clinton has declared a ban on smoking in all executive branch buildings, but he dropped a provision to prohibit lighting up around building entrances and courtyards.

"Cigarette smoking is the most single significant public health problem facing our people today," Mr. Clinton said in his weekly radio address Saturday as he announced his order for smoke-free buildings within one year.

A draft of the executive order, which was the subject of news reports last week, would have banned all smoking within 50 feet (15 meters) of federal buildings. But administration officials determined that such a provision would be "going too far" in one step, a source familiar with the action said.

However, Mr. Clinton's order gives individual agency heads the discretion to "evaluate the need" for an outdoor-smoking ban.

Agencies are also free to designate a smoking area inside buildings, but such areas must be well-ventilated and there must be no need for nonsmoking employees to enter them.

POLITICAL NOTES

Senator Says Helms Has Killed Weld Bid

WASHINGTON — An influential Republican senator said Sunday that he believed the nomination of William Weld as ambassador to Mexico had been successfully killed by Senator Jesse Helms, chairman of the Foreign Relations Committee.

"I assume it is over," Senator Thad Cochran of Mississippi said on NBC-TV. Mr. Weld, a Republican, resigned as governor of Massachusetts to fight for the Mexico posting after Mr. Helms, a North Carolina Republican, refused to schedule hearings on the nomination, citing what he said was Mr. Weld's weak stance in the fight against illicit drugs. Mr. Weld's backers said Mr. Helms's real objection was to Mr. Weld's liberal views.

President Bill Clinton vowed last week to fight for Mr. Weld's right to a hearing. But a strong supporter of Mr. Weld's right to such a hearing, Senator Richard Lugar of Indiana, said Sunday that he was unaware of any action yet by the administration. Some analysts have said the administration is just as happy not to intervene in a fight between two pillars of the Republican establishment, Mr. Helms and Mr. Lugar, on behalf of a man said to have his eye on the presidency.

Mr. Lugar, a moderate who previously held the Foreign Relations chairmanship, has been increasingly outspoken in his criticism of Mr. Helms. "Enough is enough," he said Sunday of Mr. Helms's role in the Weld affair. Referring to the constitutional process for Senate consideration of a nomination, he said, "Advise and consent does not mean dictatorship. It means in essence we all participate." *(IHT)*

Congress to Get Bill On Medical Privacy

WASHINGTON — Clinton administration officials say they will soon propose a comprehensive federal law to protect the privacy of medical records, to let consumers inspect their own files and to punish any unauthorized disclosures of personal data by hospitals, insurers, health plans or drug companies.

The measure would establish minimum federal standards to control the use of such information in the era of managed care, when insurance companies and health-maintenance organizations have the ability and, in many cases, a financial incentive to collect and sell data revealing the most intimate secrets of millions of patients.

"Our private health information is being shared, collected, analyzed and stored with fewer federal safeguards than our video-store records," said Donna Shalala, the secretary of health and human services. "The way we protect the privacy of medical records right now is erratic at best, dangerous at worst."

The administration plans to send detailed recommendations on medical privacy to Congress later this month, as required by the 1996 law that made health insurance more readily available to people who change jobs or lose their jobs.

Robert Gellman, an expert on privacy and information policy, said the administration's proposals "would impose greater restrictions on the use of medical records than any state law." *(NYT)*

Low-Technology Senate Wants to Stay That Way

WASHINGTON — When Senator Michael Enzi of Wyoming asked permission three months ago to bring his laptop computer on the Senate floor to take notes, it seemed like a simple request.

But Mr. Enzi, a first-term Republican, is learning that nothing is simple when it comes to tinkering with the traditions of the Senate, whose chamber still has original 19th-century wooden desks, inkwells and spittoons.

Mr. Enzi's proposal has stirred angst in the Senate, whose rules bar any mechanical devices that could distract senators on the floor. Several senators say that permitting laptops in the chamber would ruin the decorum of the body, and allow aides and lobbyists to bombard senators with messages throughout a debate. *(NYT)*

Quote/Unquote

Senator Frank Lautenberg, Democrat of New Jersey, 73, announcing his campaign for re-election in 2000: "If you're 76 and able, then there's no reason to stop. Age is not a factor. It's mental acuity, and I judge mine to be perfect." *(AP)*

AMERICAN TOPICS

California Group Seeks to Outlaw Slaughtering of Horses for Food

Americans' stomachs tend to turn at the thought of eating horse flesh, but every year about 100,000 American horses are slaughtered for shipment abroad, mostly to butchers and restaurants in France, Belgium and Japan. But a group of horse lovers, the California Equine Council, is out to end the practice in that state. The group hopes to put a "Save the Horses" initiative, which would make it a felony to sell horses to be slaughtered for food, on the November 1998 ballot. No state now has such a law, which effectively would put horses in the same category as pet dogs and cats.

Horses sold for slaughter, the council notes, are crowded into low-ceilinged trailers and shipped without food or water to slaughterhouses out of state, most of them in Texas, a three-day ride. There the horses are killed by metal bolts shot point-blank into their heads.

Opponents of the initiative say that the horse meat industry performs a necessary service. Otherwise, reports the Los Angeles Times, owners have to pay about $150 to have old and unwanted horses killed by lethal injection and their carcasses removed, usually for "recycling" into soap, pet food or paint thinner.

The equine council has high hopes: It pushed successfully a few years ago for a state ban on an event known as a charreada rodeo, in which horses are tripped for entertainment. Linda McCartney, wife of the former Beatle Paul, supports the campaign. And it has a catchy slogan: "Just say neigh."

Short Takes

The pipe and tobacco pouch of Sitting Bull, the great Sioux chief, are being returned to his tribe more than a century after the death of the man who defeated the brash George Armstrong Custer and his 7th Cavalry at the Battle of the Little Bighorn.

Five years ago, a customer gave the articles to Rick Mount of Coburg, Oregon, for his help in rebuilding a motor home. Experts have confirmed that the items are real, and worth perhaps $100,000. But Mr. Mount, who is three-quarters Cherokee, is donating them to the Indian Museum at the Crazy Horse Memorial in South Dakota. "The Sioux people are the people who need to have the pieces," he said.

The 3-foot-long pipe is inlaid with brass, its bowl carved from red pipestone, its wood stem carved with a fish cut in half, a setting sun and a bull's horns. "There is truly power there," said John Arrasmith, an authority on American Indian art. "You can feel the energy, the sacredness of it."

The National Security Agency, at Fort Meade, Maryland, has come in from the (commercial) cold. The highly secretive intelligence agency — until a few years ago, it lacked an outdoor sign identifying itself — has opened a tiny gift shop, offering T-shirts, jackets, golf balls and mugs. The store even offers code-breaking kits, presumably not including the latest tricks of the craft. The shop opening, coming three years after the agency opened a museum, follows a trend toward more government gift shops: FBI headquarters in Washington, long a favorite tourist destination, opened a shop in January.

Rebecca Hampton feared she had lost the family cat when it vanished last month after movers packed up belongings at their Oklahoma home. Simon, 11, a Russian blue, had inadvertently been sealed in a crate. He stayed there for 22 days without food or water until the Hamptons opened the crate last week at their new military home at Fort Adams, Rhode Island. Simon was weak, but alive, a bony six pounds. "This is like a miracle," Mrs. Hampton said. Intravenous feeding has helped Simon make a speedy recovery. Fortunately for Simon, he was a plump 12 pounds before the ordeal.

Brian Knowlton

Away From Politics

• **A group of military prisoners** has asked a federal court to transfer them from the 90-year-old prison at Fort Leavenworth, Kansas, which inspectors have determined could collapse. *(WP)*

• **About half of the 325 people** aboard an Amtrak passenger train were injured when it derailed on a rain-damaged bridge in Arizona. Three people were in critical condition, Amtrak said. *(NYT)*

• **Malcolm Shabazz, the 12-year-old grandson of Malcolm X** and Betty Shabazz who set a fire that killed his grandmother, has been sentenced to 18 months at a Massachusetts juvenile-detention center. *(NYT)*

• **The former chief of the 2002 Olympics, Tom Welch,** who resigned after being accused of attacking his wife, has asked that his $2 million compensation be cut in half following a public outcry over the deal. *(AP)*

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■ World Water: Financing for the Future	Istanbul	*September 30-October 1*
■ Romania Investment Summit	Bucharest	*October 29-30*
■ Oil & Money Conference	London	*November 18-19*
■ Southern Africa Trade & Investment Summit	Gaborone	*November 18-19*

For further information on any of these events, please contact Brenda Erdmann Hagerty, International Herald Tribune, 63 Long Acre, London WC2E 9JH.
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The Pressures Within ASEAN Over Cambodia

Some Want to Grant It Membership Soon

By Michael Richardson
International Herald Tribune

SINGAPORE — Foreign ministers of the Association of South East Asian Nations, at a special meeting here Monday, are likely to decide to keep trying to restore constitutional rule in Cambodia, while continuing to withhold its membership of the group until more progress is evident.

But officials and analysts said Sunday that there was increasing pressure from within ASEAN to let Cambodia join by December so that the group can achieve its long-standing aim of strengthening regional cohesion by including all 10 countries of South East Asia.

"There is going to be a lot of very painful, very difficult discussion," an official of one ASEAN country said.

Citing ASEAN's commitment not to interfere in the internal affairs of other countries, some members — including Malaysia, Vietnam, Laos and Burma — want Cambodia admitted quickly, another official said.

But he added that other members — among them the Philippines, Indonesia, Singapore and Thailand — felt that another vital principle was at stake that the group could not afford overlook: the use of force to disrupt Cambodia's coalition government and other elements of constitutional rule in the country.

Monday's meeting in Singapore will enable three ASEAN mediators to brief the group on their Aug. 2 talks in Phnom Penh with the Cambodian strongman, Second Prime Minister Hun Sen, so that the foreign ministers can consider their next moves.

The three mediators are the foreign ministers of Indonesia, Ali Alatas; the Philippines, Domingo Siazon, and Thailand, Prachuab Chayasan.

ASEAN's main objectives are to help end the political violence in Cambodia and ensure that the coalition government is restored so that free and fair elections can take place as scheduled in May in line with conditions set out in the constitution and law.

Analysts said Sunday that statements over the weekend by Cambodia's constitutional monarch, King Norodom Sihanouk, making it clear that he strongly disapproved of what has happened in Cambodia since early July are certain to influence the decision of ASEAN foreign ministers on Monday.

The analysts said it would strengthen the hand of those within the group who want to keep using their combined diplomatic leverage to persuade Mr. Hun Sen to agree to an internationally acceptable solution to the crisis.

Cambodia's political framework was put in place by an international agreement in Paris in 1991 that ended decades of conflict and brought hope of a peaceful recovery. The coalition government emerged from UN-supervised elections in 1993 that were generally considered to be free and fair.

Burma and Laos joined ASEAN last month, bringing the number of member states to nine. The others are Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

But shortly before Burma and Laos joined, ASEAN foreign ministers decided to delay Cambodia's scheduled membership indefinitely following the violent coup engineered by Mr. Hun Sen to oust the first prime minister, Prince Norodom Ranariddh, on July 5 and 6.

In another development that may influence ASEAN's decision, the United States said Friday that it would extend indefinitely its suspension of aid to the Cambodian government and military worth about $40 million "until progress toward fair and free elections has been made."

King Sihanouk, whom the ASEAN mediators regard as an important figure in the political structure, said in a fax sent Saturday to Agence France-Presse in Beijing, where he is undergoing medical treatment, that he still considered Prince Ranariddh as the legal first prime minister of Cambodia, although the prince was in exile.

King Sihanouk said that Ung Huot, whom the National Assembly in Phnom Penh voted Wednesday to accept as the new first prime minister in place of the prince, was a "puppet" and that the country now had only "one actual master," Mr. Hun Sen.

After his appointment by more than two thirds of the 120-member assembly, Mr. Ung Huot said that he, Mr. Hun Sen and Chea Sim — the acting head of state and the top official of Mr. Hun Sen's formerly Communist Cambodian People's Party — would go to Beijing for an audience with King Sihanouk on Tuesday.

"The fact that His Majesty is accepting our delegation means that he is blessing us," Mr. Ung Huot said.

But the king stressed in his fax to AFP that the meeting Tuesday would be "private and nonpolitical." Analysts said Sunday that this clearly implied that he was unwilling personally to legitimize Mr. Hun Sen's takeover even though he had authorized Mr. Chea Sim, as acting head of state, to sign decrees on the king's behalf, including the appointment of Mr. Ung Huot as first prime minister.

Explaining his position in a letter to Sam Rainsy, a former finance minister, and now a leader of the Cambodian opposition-in-exile with Prince Ranariddh, King Sihanouk said that "if I give Chea Sim the authorization to sign all laws and decrees in my place, it is to make him responsible for the people and before history. I just cannot take part in this new comedy involving the state."

Hun Sen Vows to Crush Prince's Forces As Troops Advance on Royalist Bastion

Agence France-Presse

PHNOM PENH — Second Prime Minister Hun Sen vowed Sunday to crush forces loyal to the ousted first prime minister, Prince Norodom Ranariddh, as heavy fighting raged in northwestern Cambodia.

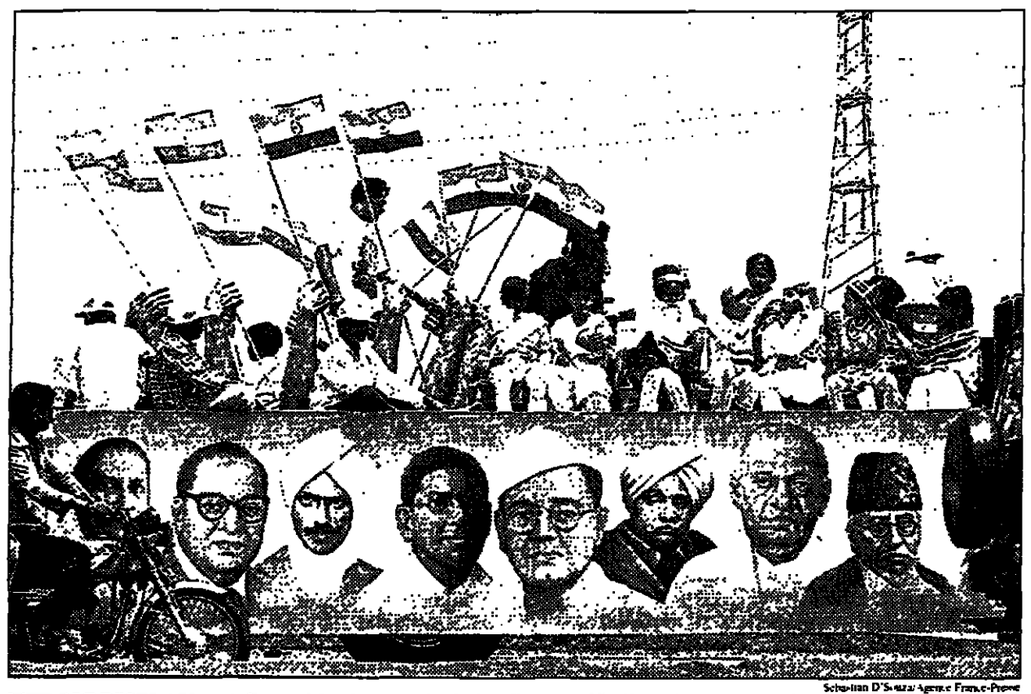
On the eve of another meeting of southeast Asian nations to discuss Cambodia, Mr. Hun Sen said his forces would soon overrun the final royalist bastion, near the Thai border.

A U.S. special envoy, Desaix Anderson, left Phnom Penh for Singapore on Sunday following a meeting with Mr. Hun Sen's replacement for Prince Ranariddh, Ung Huot. The prince, who was in Bangkok meeting exiled supporters, urged the ASEAN ministers to reject Mr. Ung Huot, telling a television interviewer that he was still "legally and constitutionally" the first prime minister of Cambodia.

Military experts predicted victory for Mr. Hun Sen's forces in northwestern Cambodia.

"They are using heavy weapons, including rockets, mortars, as well as machine guns against each other and it seems that Hun Sen's troops are advancing steadily and that the royalists are slowly retreating," said a source who had been to the area.

Sources said Mr. Hun Sen's forces were pushing royalist troops back toward their last bastion on the Thai border, O Smach. Mr. Hun Sen said on national radio Sunday that his forces would soon overrun O Smach.



Sebastian D'Souza/Agence France-Presse

HEROIC DISPLAY — A float with a banner depicting figures of Indian history and children dressed as national leaders driving through Bombay on Sunday as the country celebrated the 50th anniversary of its independence.

BRIEFLY

Chinese Track Island Dissidents

HONG KONG — The Chinese authorities are actively pursuing dissidents who opted to stay in Hong Kong after the July 1 handover of the territory from Britain, dissidents said Sunday.

The dissidents, who declined to be identified, said the Chinese public security bureau, through their contacts in the territory, have been trying to track them down.

The claims confirmed an allegation made by a leading Chinese dissident, Lu Siqing, chairman in the territory of the Information Center for Human Rights and Democratic Movements in China, who said security bureau officers had started tracking down members of his organization. *(AFP)*

North Korea Deems Talks Poor

TOKYO — North Korea said Sunday that the results of the preliminary four-nation talks held in New York last week were disappointing, and warned the United States against using North Korea's dire food shortage as a political weapon.

"The results of the Aug. 5-7 preliminary meeting held in New York are, in a nutshell, below our expectations," the news agency KCNA, monitored in Tokyo, quoted a North Korean spokesman as saying. Thanks to Pyongyang's efforts, the spokesman said, tentative agreement had been reached on issues including the level of participants, the venue and procedures for four-way talks.

Three days of preparatory talks in New York last week failed to reach final agreement on procedures for substantive negotiations planned for Geneva and involving the United States, China, South Korea and North Korea. *(Reuters)*

Taiwan Plane Crashes, Killing 16

TAIPEI — A plane crashed into a mountain on the Taiwanese island of Matsu on Sunday, killing all 16 people aboard, airline officials said.

The Kuohua Airlines plane crashed after a 50-minute flight from Taipei to the military outpost, officials said. *(AP)*

For the Record

Thailand took delivery of Southeast Asia's first aircraft carrier Sunday. *(Reuters)*

A typhoon battered South Korea's southern coastal regions Sunday, leaving at least two people dead. *(AP)*

About 300 Pakistani troops were rushed to the Punjab province Sunday to beef up security after sectarian violence left more than 40 people dead in 10 days, officials said. *(AFP)*

VOICES From Asia

King Norodom Sihanouk, writing of his inability to block the coup against his son, Prince Norodom Ranariddh, the former first prime minister: "I have no ability to do anything. The power is totally in their hands." *(AP)*

Desaix Anderson, the U.S. envoy who was the first senior foreign official to meet with Ung Huot following his disputed election to replace Prince Ranariddh as first prime minister: "I think it's clear that we will continue to deal with the Cambodian government despite our reaction to his election a couple of days ago." *(AFP)*

Mrs. Gandhi Is Urged to Lead

Agence France-Presse

CALCUTTA — Leaders of the Congress (I) Party urged Sunday that Sonia Gandhi, the widow of Rajiv Gandhi, the Indian prime minister slain in 1991, take over the Indian party.

"She has to lead us," said Madhavrao Scindia, a former minister. "Sonia Gandhi shares Rajiv Gandhi's vision of a new India and understands it better than many of us."

"Millions of Congress workers are looking to her for guidance," another former minister, Arjun Singh, said.

The appeals came a day after Mrs. Gandhi electrified the party's national convention with a five-minute speech warning that the party was moving away from the mass of poor Indians.

It was the first speech at a Congress convention by the Italian-born Mrs. Gandhi, who married into the Gandhi-Nehru family in 1968.

CHINA: *Ready for Reforms?*

Continued from Page 1

Dewen, last week openly proposed a new constitution, nationwide elections for top leadership posts, a free press, a four-year presidency, a more independent judiciary and referendums on key issues.

"China is successful in economic reform," said Mr. Shang, 55, who has been a Communist Party member for several decades. "But at a certain stage, it needs the corresponding political reform. The economic rules demand the reform of the political system."

Although friends had warned him that speaking out could be dangerous, Mr. Shang said the time was ripe to push for changes.

A Chinese newspaper refused to carry his views, but they have been broadcast by the British Broadcasting Corp. and widely heard here.

These developments are considered momentous in the context of China's incremental style of politics, especially because of the approaching 15th Communist Party Congress that probably will take place in mid-September or early October.

Party congresses are held only once every five years. This will be the first one in 20 years without the presence of Deng Xiaoping, the late paramount leader, and thus will provide a test of Mr. Jiang's leadership and the cohesiveness of the Chinese leadership.

For more than a week, China's top leaders have been cloistered at the beach resort of Beidaihe, jockeying for party and government posts and hammering out a policy consensus in advance of the party congress.

Although Deputy Prime Minister Zhu Rongji is widely expected to replace Li Peng as prime minister, debates are continuing over crucial personnel questions, such as what to do with the still-powerful Mr. Li, whether to expand the all-important seven-man party standing committee and who will replace two octogenarian senior military officers, one of whom is a member of the standing committee.

While the leaders share similar views on economic reform, the outcome of this jockeying will carry important policy implications on issues such as Taiwan, political reform and relations with the United States.

With so much in flux, many people see this as a potential turning point in Chinese politics.

The current trend appears to have started May 29, when Mr. Jiang said in a speech to the school for party leaders in Beijing that China was still in the "primary stage of socialism" — a phrase used in the late 1980s to justify a wide range of economic and political reforms.

In using the phrase and abandoning more dogmatic language he used in the aftermath of Mr. Deng's death in February, Mr. Jiang echoed the man he replaced as party chief, Zhao Ziyang, who was ousted during the student-led demonstrations that rocked the government in 1989 and who remains under loose house arrest in Beijing.

Analysts say Mr. Jiang's speech showed that he felt safe from threats to his power, especially from the fading left wing of the party, made up of Marxist ideologues who worry that economic reform is loosening the party's iron grip on power.

Richard Baum, a professor of Chinese politics at the University of California at Los Angeles, said that using the phrase "primary stage of socialism" was an act of confidence.

"No one has used that phrase since Tiananmen," he said.

One left-leaning party magazine, Qiu Shi, failed to mention the phrase "primary stage of socialism" in its account of Mr. Jiang's speech.

It asked: "Why is there no resistance to things that are in clear violation of Marxism and of the party's basic line?"

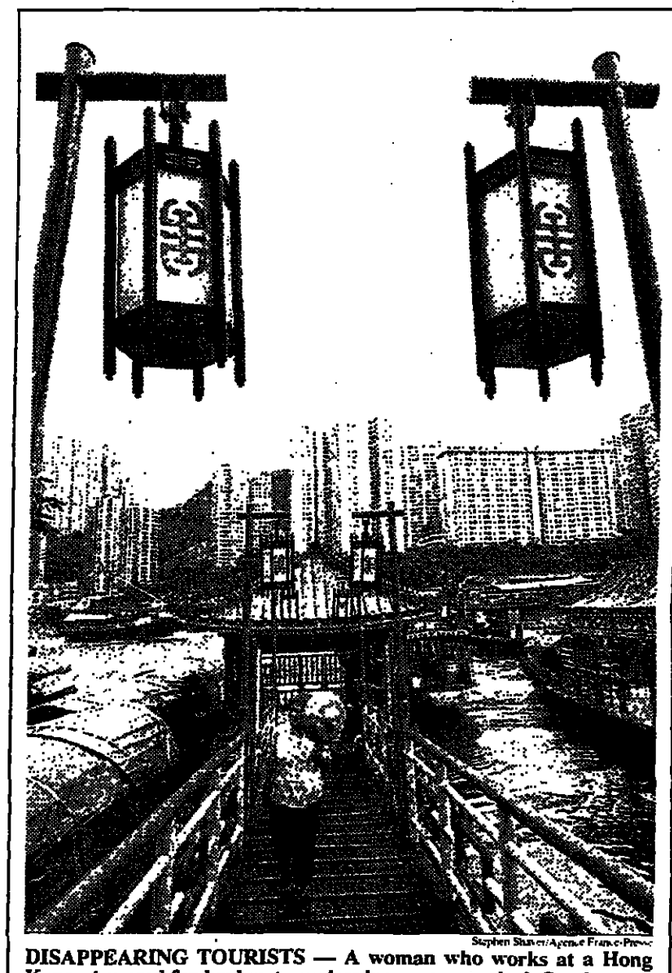
But in an indication of the weakness of the orthodox wing of the party, the magazine's deputy editor later gave an interview to an official newspaper denouncing "leftists." Mr. Jiang also echoed his predecessor's language about the Communist Party having "one center, two basic points," which was the catch phrase formerly used to allow discussion of political reform.

Mr. Jiang's speech has not yet been published in its entirety, but excerpts have been published and republished recently in party papers along with exhortations that the party faithful study its contents.

Such signals are providing encouragement to some liberals.

Yu Guangyuan, an economist who was expelled from the Communist Party in 1990 and who advised the relatively liberal Communist Party chief Hu Yaobang in the 1980s, has advocated a new constitution and predicted political reforms early in the next century.

Separately, the veteran dissident physicist Xu Liangying has predicted that significant reforms will take place within two years, and one group of intellectuals recently published a book of 27 essays titled "Critical Moment."



Stephen Shaver/Agence France-Presse

DISAPPEARING TOURISTS — A woman who works at a Hong Kong pier used for harbor tours leaving an empty dock Sunday at a time when it would normally be packed with visitors. Hong Kong, which reverted to China in July, has watched tourism slide since then.

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THE WORLD'S DAILY NEWSPAPER

The World of Belfast, According to Sinn Fein

Adams Gears Up for Talks With the British

By James F. Clarity
New York Times Service

BELFAST — The British military helicopter circled noisily high above the West Belfast office where Gerry Adams, president of the Irish Republican Army's political wing, discussed the Northern Ireland peace talks he expects to attend next month.

"Do you hear that chopper?" he said. "That helicopter's been up there four or five days."

Mr. Adams said the air patrol was an example of how the British Army, with about 17,000 resident troops, is continuing to maintain a strong military presence in Northern Ireland even though the IRA declared a cease-fire July 20 to halt its "armed struggle" — which involved shooting soldiers and police officers here and bombing civilian targets in England. If the IRA truce holds, the British and Irish governments will permit Mr. Adams's group, Sinn Fein, to enter for the first time the formal peace talks, set for Sept. 15.

The British presence, political and military, is among the issues that he will be addressing at the talks, Mr. Adams said.

In an interview in a small house that is used as a service center for former IRA prisoners, Mr. Adams discussed the political atmosphere in Belfast, and two of the major issues to be dealt with at the talks: the disarmament of the IRA and Protestant paramilitary groups and the political future of the British-ruled province. He also spoke of his planned visit to the United States early next month.

As the noise of the helicopter abated, he continued: "When we met the British the other day, we argued that the pattern and concentration and intensity of British military patrols in Republican areas were provocative."

Still, he said he did not expect the patrols to provoke new IRA attacks. But he said he intends to make speeches harshly critical of British rule in Northern Ireland when he visits New York and Washington for six days beginning Sept. 2.

"The U.S. trip," he said, "is about enlisting support for a democratic peace settlement, for the notion of Irish unity, for an end to the British occupation" of Northern Ireland, which was left to Britain under the 1921 treaty that gave southern Ireland independence.

He said he will not see President Bill Clinton, who is scheduled to be away from Washington on vacation, but indicated that the White House, which had advised him not to apply for a visa or the right to raise money in the United States until there was a new IRA cease-fire, was no longer cool toward him.

"President Clinton will not be there," he said. "I presume if he had been, we would have seen him."

He and two other Sinn Fein officials will attend fund-raising dinners in New York, Chicago and San Francisco.

In Chicago, the principal speaker will be Caoimhghin Caolain, the first member of Sinn Fein to take a seat in the Irish Parliament, to which he was elected last June. In San Francisco, the speaker will be Martin McGuinness, Sinn Fein's No. 2 official and its chief negotiator.

Mr. Adams said he would be dealing with a question on the minds of many Irish-Americans, whether the peace talks were likely to produce a united Ireland, the ultimate goal of the IRA and Sinn Fein. This would entail Britain's relinquishing sovereignty over Northern Ireland, and the subsuming of the province in the overwhelmingly Roman Catholic Irish Republic. He acknowledged that a unified Ireland would be discussed at the talks, but was not likely to be established there.

"It is a goal which is driving us," he said. "We want to move it as far along the road as possible."

Since his visit to the United States in February 1994, when he was treated like a celebrity, Mr. Adams has achieved several Sinn Fein/IRA objectives: to involve the United States directly in the peace talks, of which the former U.S. senator George Mitchell is now chairman; the removal of the British and Irish bans on his words being heard on radio and television: the early release of IRA prisoners from Irish jails; the electoral success of Sinn Fein, which this year became the third strongest party in Northern Ireland, gaining 17 percent of the vote in two elections.

"There's one part of me which, of course, is uplifted by the fact that we have been making progress," Mr. Adams said. "The other part of me can't help but consider that it took three or four years, that many people died, lots of energy used, lots of distractions and diversions."

What would happen if the next round of peace talks failed?

"I don't want to contemplate that at all," he said. "I actually think it was John F. Kennedy who said, 'Never negotiate from fear, but never fear to negotiate.'"



Frank Bruder/The Associated Press

FUN IN BAVARIA — Two women trying to survive Sunday in a mixing-trough race in the Wiesent River at Nankendorf. The race is held yearly, and entrants are allowed to use anything designed for the purpose of mixing — plaster, cement or maybe big cakes.

$400,000 Worth of Photos To Prove Diana's 'in Love'

Agence France-Presse

LONDON — The tabloid Sunday Mirror scooped the world press with a series of photos showing the Princess of Wales kissing Dodi al Fayed during a recent Mediterranean cruise.

In the rather fuzzy, but extremely expensive, photos, the couple are shown standing, Princess Diana from behind wearing a pink floral-patterned swimming costume, in the arms of Mr. al Fayed, bare-chested and wearing sunglasses.

Another series of photos shows the couple on the boat, with Mr. al Fayed seated beside the princess, who is stretched out with the straps of her swimming costume down over her arms.

The Sunday Mirror published about 15 color and black-and-white photographs taken during a cruise around Corsica and Sardinia on the yacht owned by Dodi's father, Mohammed al Fayed, the owner of Harrod's department store in London and the Ritz hotel in Paris.

The photographs, trumpeted as a "world exclusive," were sold to the Sunday Mirror for £250,000 ($400,000), according to press reports. The Sun, the Daily Mail, the Daily Mirror and Paris Match were also reported to have acquired rights estimated at £100,000 pounds each.

The Sunday Mirror headlined its front-page picture "The Kiss," saying that the photos "prove she's found her prince." The tabloid went so far as to say that an engagement between the princess and Mr. al Fayed could be announced in September.

BRIEFLY

After Floods, Disease Threat

FRANKFURT AN DER ODER, Germany — Authorities said Sunday there was an acute danger of disease in the large area along the Polish border where the Oder River burst through flood banks in early July.

Matthias Freude, head of Brandenburg state's Environmental Ministry, said the receding floodwaters were leaving behind dangerous bacteria that caused diarrhea and other illnesses.

After the worst floods in the region this century, an intense heat wave was now fostering the spread of bacteria, he said.

Thousands of Germans who were forced to flee the flooding three weeks ago were allowed to go home as water levels fell. They were being advised to wear rubber gloves and protective boots. *(Reuters)*

Cyprus Talks Set to Resume

GENEVA — Talks aimed at reuniting Cyprus are to resume near Montreux on Monday, with both sides discouraging optimism despite mounting pressure for a solution that has eluded mediators for decades.

The talks brokered by the United Nations between the Greek and Turkish Cypriot leaders, Glafcos Clerides and Rauf Denktash, are aimed at reuniting the divided island in a bizonal, bicommunal federation. A first round was held last month in Troutbeck, New York.

Both sides are trying to discourage expectations of much progress at the scheduled five-day meeting, to be held in a hotel in the resort of Glion.

Stakes have been raised since the first round, with Turkey saying it will move toward a partial integration with the northern part of the island and the European Union announcing plans to go ahead with entry talks for Cyprus early next year.

Mr. Denktash said Sunday that his first meeting with Mr. Clerides had been a failure.

"No forward steps were taken on the political scene," he said, adding that he believed the two sides had moved even further apart. *(Reuters)*

A Rerun Ballot in Albania

TIRANA, Albania — A repeat of voting in two northern regions got off to a peaceful start Sunday, indicating that violence-wracked Albania may be gradually returning to a semblance of normality.

Parliamentary elections were held throughout the country June 29 and July 6 in hopes of stemming the chaos unleashed by violent protests against the collapse of high-risk investment schemes. More than 2,000 people have been killed in the five months of unrest.

But election results in the two regions were invalidated because of irregularities. In Dukagjin, near the Yugoslav border, the deputy head of the electoral zone and an electoral commission member were killed during the second round. In Mamuras, 35 kilometers (22 miles) north of the capital, Tirana, the Socialist Party accused the Democrats of electoral fraud.

Police said they had provided tight security in the two regions, where Socialist and Democratic candidates were squaring off once again. There were no reports of violence after the polls opened Sunday morning. Whatever the results, the voting in the two regions will not change the balance of power in the 155-seat Parliament, which is controlled by the Socialists. *(AP)*

UN Chief Starts Nordic Tour

STOCKHOLM — The United Nations' secretary-general, Kofi Annan, began a three-day official visit to Sweden on Sunday, the first leg of a tour of the Nordic countries.

The Ghanaian diplomat, whose wife, Nane, is Swedish, arrived here Saturday night. Mr. Annan had a working lunch with Prime Minister Goeran Persson at the Social Democratic Party's residence in Harpsund, south of the capital.

They were expected to discuss international crises in which the United Nations is involved, in particular Bosnia, and reform of the world organization, an issue in which Sweden, which currently chairs the UN Security Council, is very interested, Foreign Minister Lena Hjelm-Wallen said.

Mr. Annan was scheduled to meet Mr. Hjelm-Wallen on Monday after his talks with Carl Bildt, the former top civilian official in Bosnia and leader of the opposition Conservative Party.

After a vacation break in Sweden, Mr. Annan will resume his tour with visits to Denmark, Norway and Iceland. *(AFP)*

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INTERNATIONAL

New Policy for Africa: Don't Rely on Troops From France

By Joseph Fitchett
International Herald Tribune

PARIS — In drastically reducing its military presence in sub-Saharan Africa, France is signaling a new policy of benign neglect toward regimes that until recently thought they could rely on French military might to keep them in power.

That is why, French officials said in recent interviews, the new Socialist government announced plans to downsize and redirect the strength of its armed forces in Africa.

This means cutting the number of troops stationed there permanently from 8,000 to less than 6,000 and consolidating them at four major bases in central and west Africa and a fifth across the continent in Djibouti.

In effect, France has started dismantling a set-up involving garrisons and other facilities in all its former colonies that provided enough military muscle for Paris to manage almost any local crisis.

With the troops there, a phone call from the top French adviser was often enough to settle matters.

Significantly, France will shut down operations in the Central African Republic, the key platform over the years for military interventions in nearby former colonies in central and west Africa. As recently as last month in Bangui, capital of the Central African Republic, French forces discreetly put down unrest in the local barracks, continuing a tradition of supporting unpopular regimes — including that of the notorious emperor, Jean Bedel Bokassa — that allowed the country to be used as a jumping off point to Chad, Niger, Zaire (now Congo), the Congo Republic, Cameroon and even Gabon.

This military pressure, sometimes applied in small doses that passed almost unnoticed internationally, dominated political life in most of these countries during the Cold War decades. Often with U.S. backing, France treated the region as a near-protectorate, specialists say.

But the role of Africa's gendarme has become increasingly uncomfortable for France since the disappearance of the Soviet threat, and a series of recent events has dramatically exposed the new limits on French power.

In 1994, France was criticized for sending troops to try halting genocidal ethnic fighting in Rwanda, only to be criticized in 1996 for failing to act alone to halt the bloodshed when the ethnic conflict re-erupted in eastern Zaire. France looked impotent earlier this year as a rebel army marched across Zaire and ousted one of France's traditional clients, Mobutu Sese Seko.

After these debacles, France concluded that it needed a more selective policy.

"Really, one more like the case-by-case approach that the United States uses in Africa, picking the situations where we want to engage and trying to minimize expectations of action in situations that are impossible to handle in today's world," a French foreign policy strategist said.

The policy shift also marks the demise of a long-standing view in Paris that the fealty of a bloc of West African nations provided trade advantages and confirmed France's status as a world power.

"What the French are saying is that they don't want to have to live any longer with a domino theory saying that if one regime goes under, it will frighten all the other pro-French governments to look elsewhere for protection," said John Chipman, head of the International Institute for Strategic Studies in London.

By dropping the bloc approach, French officials said, France can concentrate on African countries that look like winners in terms of political stability and economic promise. They cited oil-producing Gabon and politically stable Ivory Coast, together with Mali, where government reforms are moving ahead, and Chad, whose oil reserves will come on stream soon.

Three of the bases planned by France are slated for Ivory Coast, Gabon and Chad, with a fourth in Senegal, another cornerstone of French influence.

So far, African reaction has been muted as governments wait to see how the new French approach works in practice. The first test may come in Cameroon, whose ties with Paris could be strained if presidential elections next year fail to shake up a system tarred with allegations of corruption.

The military change has come as a logical step, as Paris, finding itself unable to subsidize African countries' ailing economies, has withdrawn financial support for their currencies and pushed governments there to qualify for international aid and trade.

Diplomatically, the plan to refocus on a few promising African countries should dampen the flow of French complaints that Washington wants to supplant Paris as the Western kingmaker in Africa.

But diplomats said that the new approach could actually sharpen tensions and commercial rivalries in African countries offering a high potential payoff and targeted by both U.S. and French business interests.

Prime Minister Lionel Jospin has publicly cited a "strong U.S. economic threat" in Africa and called on European Union countries to help withstand U.S. penetration of African markets.

Re-orienting its military strength to concentrate on European missions was another factor in the government's decision to cut its permanent troop strength in Africa.

The change fits with the broader strategic re-orientation set for French forces by President Jacques Chirac in 1995, emphasizing France's interest in working more closely with the United States and its European allies.

But Mr. Chirac is unlikely to have been happy about the Socialist government's sudden action on Africa. He vetoed attempts by the previous conservative government of Prime Minister Alain Juppe to distance France from its most unsavory African clients.

It is a measure of Mr. Chirac's diminished authority that the new Socialist government seems to have largely ignored him in changing policy on Africa, traditionally a domain for presidential decisions.

Comoran Rebels Call for Backing

Reuters

MORONI, Comoros — Secessionist leaders on the Comoran island of Anjouan have called on the islanders to stand firm against moves by the government to restore its control there, residents said Sunday.

Journalists on Anjouan reported that a small number of Comoros troops landed there early Saturday. But Pierre Yere, an envoy of the Organization of African Unity, said government leaders denied this.

Abdallah Ibrahim, who leads the secessionist movement, was declared "president" of Anjouan by a crowd of islanders last week. On Saturday, his bodyguards seized three government soldiers who they said had attempted to enter his residence and paraded the soldiers before crowds of elated islanders.

Islanders on Anjouan and nearby Moheli say they want to return to French rule, saying they have had only poverty and unrest since breaking away from France in 1975. The poverty in the independent Islamic Republic of the Comoros contrasts with the comparative prosperity on the neighboring island of Mayotte, which remained French.

Slave Trade in Children Growing in West Africa, Recent Arrests Indicate

New York Times Service

LAGOS — Three recent arrests have cast a spotlight on what the authorities say is a growing slave trade in children in this region of West Africa.

In neighboring Benin, the police said that in July they had rescued more than 100 children who were being transported to Nigeria, on their way to central Africa to be sold.

The police in Porto-Novo, the capital of Benin, said that they had been alerted that three men were trying to find buses to take a group of 90 children to Lagos, Nigeria's main port city. They said they had arrested the three men, two of whom were from Benin and one from Nigeria.

A few days earlier, Benin's government-owned daily newspaper, La Nation, reported that a group of 42 children had been rescued by the police in similar circumstances in another Benin city, Cotonou.

Trading in children is a common practice in Benin and Nigeria. There are frequent reports in Nigeria of boatloads of children being stopped along the country's long coastline on their way to central Africa, though there is little information about what their fate is when they arrive. Child welfare organizations have documented that some of these children end up in Nigerian households as unpaid laborers known as "house helps."

The child welfare groups believe well-organized criminal rings are involved. Abdul Mohammed, who runs the Child Welfare League of Nigeria, said that well-dressed traders travel to poor rural areas in Benin and offer parents money, from $20 to $40, in exchange for their children, promising that the ones they take away will end up rich and successful.

"These people who go to the villages are seen as affluent people, so they easily convince the villagers that the child will be better off if they go with them," Mr. Mohammed said. "The parents pray that their children will be better off and have no idea that the visitors have evil intentions."

The children, as young as 8, are forced to work without pay as cleaners or traders, and some as prostitutes. They are often poorly fed, abused and made to work long hours.

Mr. Mohammed has a photograph album with pictures of some of the children his group has rescued from the homes of their owners and, in the case of those who have run away, from the streets. One photo showed a girl with a scar left by a severe burn down her back. The girl told him, he said, that hot oil had been poured on her as punishment.

"Sometimes it is quite disturbing," he said. "We have had cases of children being made to sleep next to the toilet every night. Some are sent out on the streets as prostitutes."

He cited the case of a 13-year-old girl named Chizoba, who was a house servant in Lagos. Her owner would tie her down to keep her from running away. "I asked the woman if she would tie her own child down like that," Mr. Mohammed said, "and she couldn't answer."

In another case, a 9-year-old girl named Kasarachi served a family with four children. She started her day at dawn, she said, by sweeping the house and washing the dishes before the children woke up. When they awakened, she would help them get ready for school.

Her next duty was to finish cleaning the house and then to tend the mother's market stall until the children returned from school. She would help the children undress and bathe and wash their clothes. When the mother came back from the market, the child would wash the woman's clothes too. The servant's day usually ended at 1 A.M.

The worst thing, she said, was not the long hours but that she was treated differently from the other children. They would eat two meals a day but she was allowed only one.

"I would work late, but the woman would beat me every day," she said. "Then her children would laugh and hit me too," she added, sobbing.

Many educated Nigerians tolerate and perpetuate the practice of using small children as unpaid workers and some justify it by saying that the children are better off with them than they would be in their villages.



Pascal George/Agence France-Presse

WAITING FOR THE POPE — Two Filipino girls having lunch at a religious community in Taize, France, before moving on to Paris for the Catholic Church's World Youth Day next week. More than 300,000 young Catholics are expected to join the celebration with Pope John Paul II, who is scheduled to arrive Aug. 21.

CASH: *Huge Drug Profits Make a Big Target, U.S. Enforcers Say*

Continued from Page 1

requirements to banks and cracking down on unregulated exchange houses that electronically transfer money from the United States. The measures have made moving millions of dollars more time-consuming, expensive and risky. So traffickers are again favoring bulk shipments of cash to their home countries.

Representative Bill McCollum, the Florida Republican who is chairman of the House Judiciary subcommittee on crime, said at the July 24 hearings that "the Mexican money-laundering problem has grown so bad that drug traffickers are now driving truckloads of cash to Mexico without being challenged along the 2,000-mile southwest border."

"It's now estimated that $6 billion to $30 billion in drug profits are laundered through Mexico annually," he said. "It's also estimated that more than $2.5 billion in drug money is funneled into Colombia each year — an amount equal to Colombia's annual income from coffee sales and representing about 20 percent of Colombia's total exports."

To deal with the overwhelming cash volume, the Mexican and Colombian trafficking organizations are constantly developing new ways to ship the cash in bulk, usually in the form of $20 bills.

"They are shipping bills back in airplanes, in cargo, in furniture, in TVs, in washing machines, anywhere it fits," a senior Drug Enforcement Administration official in New York said.

So as not to alert customs officials, the packaging specialists make sure the articles filled with money weigh the same as the commodity normally would.

For example, the DEA official said, a Colombian specialist arrested last month shipped more than $2.5 million back to Colombia by hollowing out speakers, toasters and refrigerators, filling them to their normal weight with $20 bills, and reassembling the merchandise so perfectly it was nearly undetectable.

Recent laws have given law enforcement officials more tools to fight money laundering.

Raymond Kelly, the Treasury Department's undersecretary for enforcement, said that major money-laundering operations in New York have been shut down over the last year because his department now has the authority to impose stiffer reporting requirements on specific geographic regions.

Mr. Kelly said the Treasury Department had discovered that 12 money exchange houses in New York "had funneled approximately $800 million to Colombia last year."

"To account for the money legitimately, each Colombian household in the area would have had to wire $30,000 to Colombia each year — an amount which exceeds the $27,000 average annual income for this community," he said.

The department required the exchange houses to report transactions over $750, leading to six indictments and the closing of several businesses.

But Mr. Kelly compared money laundering to a balloon, saying that "just as putting pressure on one end of the balloon will force air to the other, so too will effective enforcement measures force money launderers to seek new paths of lesser resistance. As a consequence, we cannot rest on our recent successes."

BRIEFLY

32 Die in Algeria

ALGIERS — A bomb hidden in a baby's bassinet and another village massacre have left 32 dead in the latest bloodletting in Algeria, hospital sources said Sunday.

The bomb exploded Friday afternoon in Djelfa, 300 kilometers (185 miles) south of Algiers, killing at least 11 people and wounding 20, hospital sources said.

And in the early morning hours of Friday, an armed group entered the village of Zeboudja, 100 kilometers south of Algiers, roused 20 people from their homes and proclaimed a "verdict." The attackers then slit the throats of 21 people.

About 20 other people were shot and wounded, some when they tried to flee. *(AP)*

Inkatha Resisting South Africa Talks

JOHANNESBURG — Angry over testimony that linked the Inkatha Freedom Party to assassination squads, Inkatha leaders have said they would break off negotiations with the African National Congress to end political violence in the troubled province of KwaZulu/Natal.

The move by the Zulu-based Inkatha Party, the second-largest black political group after President Nelson Mandela's African National Congress, was another attack on the credibility of the Truth and Reconciliation Commission.

The body was created to investigate atrocities of the apartheid era and empowered to grant amnesty to those who confess. *(NYT)*

Sao Paulo Police Abandon Strike

SAO PAULO — The police in the Brazilian state of Pernambuco have returned to work after a three-week strike for higher pay failed to produce any results, city authorities reported.

"We can't punish society any longer for the government's intransigence," the organizers said in a statement after voting Friday night to end the walkout. *(Reuters)*

Haitian Vows Move For Privatization

PORT-AU-PRINCE — Haiti's prime minister-designate has promised to push ahead with an economic plan that calls for laying off thousands of government workers and privatizing state-run enterprises.

Eric Pierre, a 52-year-old international banker, said many Haitians opposed the plan because it has been badly explained.

President Rene Preval appointed Mr. Pierre in July. Parliament must approve the appointment, and he faces Senate opposition. *(Reuters)*

For the Record

Chile's Supreme Court has ordered a judge to investigate the disappearance of 112 people arrested by General Augusto Pinochet's secret police and believed to have been held in Colonia Dignidad, a religious complex founded by a German. *(AP)*

After Strike Violence, Kenyans See Need for Political Dialogue

Reuters

NAIROBI — Kenyan leaders urged political dialogue to end a stalemate after violence rocked the country on the day of a national strike called to press for political reforms.

President Daniel arap Moi answered mounting criticism over the weekend by declaring himself a champion of reform and saying he wanted speedy changes to benefit Kenyans.

Four people, two of them policemen, were killed Friday when a strike called by the opposition-backed National Convention Executive Council turned violent.

The strike call attracted only limited support, but mobs in Nairobi looted shops and set fire to trees in the city center.

Police responded with threats to "deal firmly" with any dissent.

"The opposition must avoid the tag of prone-to-violence. KANU must give up its old inflexible ways, and the national dialogue, whose end result will either make or break Kenya as we know it, must get under way," the newspaper Sunday Nation said in an editorial, referring to the Kenyan African National Union, the governing party.

"It is crucial that dialogue, once under way, does not degenerate into a farce and become just one more political circus bandying about Kenyans' most cherished hopes and trampling upon them," the editorial said.

The strike put further pressure on Mr. Moi's government, whose reluctance to fight corruption led to the cancellation of an International Monetary Fund aid package July 31.

Roman Catholic Archbishop Zacchaeus Okoth, former chairman of the Kenya Episcopal Conference, told reporters:

"We cannot continue with this kind of hooliganism and violence.

"We do not want to see a violent country where anarchy prevails. All interested parties must start constitutional talks immediately to steer Kenyans through this difficult period."

The KANU-owned Sunday Times said in an editorial: "Now we can see the fruits of intransigence. It is the culmination of chaos and anarchy."

Mr. Moi, aged 73 and in power since the death of the country's founding president, Jomo Kenyatta, in 1978, has managed to divide the fragile National Convention Executive Council by offering limited constitutional reforms and pledging a full constitutional review after elections.

Late Friday, he said: "These people called for reforms, and I accepted. They thought that I would not accept, that I am not for change. Now, I am a champion of change; they seek other methods to destroy the country. They are bent on anarchy."

The parliamentary opposition leader, Michael Kijana Wamalwa, and the chairman of the opposition FORD Asili party, Kenneth Matiba, declared their rejection of the strike.

Mr. Wamalwa said he wanted dialogue with Mr. Moi.

In a statement Saturday, the National Convention Executive Council denied it was out to cause anarchy and said it would officially renew its request to the government to engage in dialogue.

New British Rules On Child Abusers

Agence France-Presse

LONDON — The British government is expected Monday to announce new measures to allow the police to alert community leaders about convicted child abusers who move to their area.

Under the regulations, the police can warn school principals and youth leaders of the presence of convicted abusers in their communities, but only if it is believed that they represent a threat to children. The measures were welcomed by the police. They oppose, however, the systematic release of names.

The new code precedes the launch in September of a national register to record the names of convicted sex offenders. Their names will remain on file for various periods, depending on the length of their prison sentence.

Paul Rudolph, Architect Whose Buildings Marked the 1960s, Dies in New York at 78

New York Times Service

NEW YORK — Paul Rudolph, 78, an architect whose career epitomized the turbulence that engulfed American modernism in the 1960s, died here Friday from asbestos cancer, according to Ernst Wagner, a close friend.

Mr. Rudolph leaves behind a perplexing legacy that will take many years to untangle. With the exception of Louis Kahn, no American architect of his generation enjoyed higher esteem in the 1960s. As chairman of the School of Architecture at Yale University from 1957 to 1965, Mr. Rudolph wielded enormous influence over the direction of American architecture. His buildings, often in concrete with a textured finish that resembled corduroy, were widely studied and imitated.

At the same time, and partly in reaction to his influence, the school became a hothouse for younger architects who wanted to break out of the modernist mold Mr. Rudolph had helped to form. In recent years, his practice was largely concentrated in Southeast Asia, where respect for his strict modernist ideals endured.

His best-known building was the Art and Architecture Building, a landmark of his years at Yale. But its reputation was not solely based on the strength of its design. In 1969, the building became a casualty of the 1960s when a group of students set fire to the building, regarding its severe concrete design as a symbol of Yale's antipathy toward creative life.

Herbert de Souza, 61, who was nominated for the Nobel Prize for his crusade against hunger in Brazil, died Saturday in Rio de Janeiro from liver failure caused by AIDS, said Dr. Walber Vieira. Known as Betinho, Mr. Souza became infected during a blood transfusion.

BOSNIA: *Karadzic Must Go Voluntarily or Face Arrest, U.S. Envoys Bluntly Tell Serbs*

Continued from Page 1

flew around the region, however, remained limited to what a senior U.S. official described as "the knitting process" patient diplomacy aimed at pulling the Serb, Croat and Muslim parts of Bosnia gradually into the unitary state foreseen in the Dayton peace accord.

Under extra pressure from Mr. Holbrooke and Mr. Gelbard, for example, the leaders of the three ethnic groups, meeting in Sarajevo, the Bosnian capital, agreed after months of wrangling on how to divide up the country's most important ambassadorships. After an all night negotiating session, a Serb was picked for Washington, a Muslim for the United Nations and a Croat for Tokyo.

Similarly, months of arguments about relinking the country's telephone systems resulted in a decision to have a single country code for Bosnia, but with separate area codes for the Muslim, Serb and Croat regions, which remain distinct and hostile after three and a half years of bloody ethnic conflict.

But what perhaps will prove the most decisive step during the two envoys' visit came from the NATO led peacekeeping force that has been in Bosnia since late 1995.

General Eric Shinseki, the U.S. commander, announced Friday that the well armed Special Police forces in Bosnia's Serb Republic henceforth would be considered military and therefore subject to control by NATO troops.

The paramilitary forces, estimated to number about 2,000, have been Mr. Karadzic's main protection. Their control by peacekeeping troops if NATO follows through on its pledge to rein them in would significantly increase Mr. Karadzic's vulnerability to arrest and reduce his ability to move about freely.

The decision, announced to coincide with Mr. Holbrooke's efforts, was seen as another part of the campaign to end a sense of drift that had settled over the Bosnia peacemaking effort of the United States, its allies and international organizations. Mr. Milosevic, a Serb nationalist who helped precipitate the Bosnian war from 1992 to 1995, has been Mr. Karadzic's sponsor in the crusade for a separate Bosnian Serb republic. Because of this role and the power of the Yugoslav Army Washington has relied on him as the only leader capable of forcing Mr. Karadzic to surrender or at least disappear from the political scene.

Mr. Karadzic, who was president of Bosnia's Serb Republic during the three and a half years of fighting, has been indicted for war crimes by the International Criminal Tribunal for the Former Yugoslavia in The Hague.

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India's Challenge

India is observing its 50th anniversary as a state with a certain diffidence. A mere half century of modern political engagement is not all that great an achievement for a people who measure their culture, tradition and identity by the millennium. For the rest of us, however, India's real achievement is putting together the two. To retain a tradition and sense of self and to build a state and a modern society — now there is something worth hailing.

Not that India's last 50 years have recorded only unblemished progress. The great wound of national creation — the bloody partition of the British Raj into India and Pakistan — has yet to be healed. Given the weapons now available, the divide mortally threatens both parties to it. (That Pakistan's grip on security, democracy and even national continuity is still uncertain doubtless explains why its own 50th anniversary celebration is so modest.) Economic growth and redistribution have been tackled in India by different methods — currently by a free market. The results are formidable, but most of the billion Indians still live in dismal poverty.

Indians have won special respect for their twin triumphs of accommodating in their fashion an astonishing ethnic and religious diversity and — more astonishing — doing it mostly democratically; Indira Gandhi's passing dalliance with authoritarianism is an exception. These heights could not have been scaled by a country without India's deep commitment to universal human values, as distinguished from the "Asian values" now lauded by apologists for anti-democratic rule.

Modern India has found its own way in the world. Its democracy earned it favor in a United States fixed on Cold War competition with the Soviet Union, even as its postcolonial tendency to lean left in domestic ideology and foreign policy gave many Americans regular bouts of heartburn.

Meanwhile, alarmed first by a nuclear China, India itself went quietly nuclear, prompting rival Pakistan to follow. The Cold War has now been subtracted from the Asian equation. That leaves India to work out a difficult ethnic and nuclear inheritance.

India's defining test, however, is almost certainly going to be to raise itself economically and socially to a higher plane. It is not right that half of the men and two-thirds of the women in the country are illiterate, and that the number of citizens in poverty still rises. No one who admires India can doubt that it has the capacity to do this massive and essential job.

— THE WASHINGTON POST.

Brazil's Police Scandals

Brazil's crime rate is among the highest in the world, and among the most lawless Brazilians are the police. Police in that country are the most brutal in the Western Hemisphere, as feared in poor neighborhoods as any criminal gang. Lately, police in a dozen states have been on strike for higher pay. They deserve raises, but increases should come with new policies that discourage violence and prosecute policemen who kill.

Police have become notorious for killing marginalized Brazilians such as street children and landless peasants. Most victims are young, poor and black. The numbers are staggering. In 1992, police in relatively prosperous Sao Paulo, population 15 million, killed 1,190 people. The same year in New York, half Sao Paulo's size, police killed 25 people.

Many Brazilians back the police, arguing that in a country where the justice system is broken and investigation is a little-known art, police have no choice but to kill suspected criminals. But a recent study of thousands of victims showed that most had no criminal record.

After the police in Sao Paulo state massacred more than 100 unarmed prisoners in 1992 while putting down a prison rebellion, authorities began a program to reduce violence. Police who kill are taken off the streets for three months and given psychological counseling. Sao Paulo also established an ombudsman's office to take complaints about police violence, which have often led to criminal investigations. The new ideas have helped. Last year the police in Sao Paulo killed 106 people.

In Rio de Janeiro, by contrast, police killings are rising sharply, due to hardline policies. One misguided new program rewards police with substantial bonuses and promotions for bravery. According to Human Rights Watch, many have qualified by killing suspects and then falsely reporting a shootout.

Brazil erupted over the issue recently because of two secretly taped videos that made their way to national television. They show police robbing, torturing and extorting money. One policeman is caught killing a passenger in a stopped car.

The videos gave a modest lift to the attempts of president Fernando Henrique Cardoso to reduce police violence. A year ago he introduced a human rights plan with several important measures for combating police brutality, including stripping military courts of jurisdiction over police killings and allowing federal prosecutions of serious human rights crimes. Few of these proposals have become law, but after the videos were aired Congress passed a law criminalizing torture.

It will not be easy to turn Brazil's police into law-abiding citizens. Their brutality is reinforced by a crisis in the court system and Brazilians' tendency to confuse poverty and criminality. But the country's experience shows that when government officials stop tolerating police violence, the violence drops. Mr. Cardoso and the governors need to use their powers to the fullest.

— THE NEW YORK TIMES.

Difficult Korea Talks

The onset of four-power talks on Korea — South and North Korea, the United States and China — marks a new phase in the post-Cold War effort to settle down the dangerously divided Korean Peninsula. The preceding phase saw a difficult and delicate effort, which continues, to buy out Communist North Korea's nuclear bomb program with South Korean, Japanese and American company and aid. Now Washington, Beijing and Seoul are opening with Pyongyang, and with each other, a negotiation intended initially to bolster confidence and stability and eventually to produce arrangements, perhaps a peace treaty, to end the 1950-1953 Korean War.

The talks that opened in New York last week were a year in the making, and the North Koreans made an evident effort to put on their best face. They returned remains of four American soldiers lost in what was in many ways the bitterest Cold War conflict, linked up some phones to South Korea and the like.

Right now North Korea is in the gravest need of large quantities of international food aid in order to keep a large and vulnerable population from starving, or further starving; the United States is, as it should be, a large contributor. North Korea then will need the resources to develop an economy ravaged by a half century of Communist doctrine, mismanagement and the loss of crucial subsidies when the Soviet Union went down.

You would think that all this misfortune would make the North Koreans eager to show the sort of international reasonableness that would help unlock the rewards they crave. But the handful among them who make the decisions have an iron priority — their own maintenance in power. This is what inclines them to base their bargaining strategy finally on the threat of their country's collapse and aggressiveness.

Their message is not only that others should feed their people but that others should also confirm their authority; otherwise they may unleash either floods of desperate refugees or the forces of their well-fed army. That 37,000 American troops stand vulnerable on South Korea's territory accounts for the keen American interest in a controlled winding down.

Preliminary talks last week ended without agreement on an agenda for future negotiations, and are to be resumed next month. The going will be tough. But a compelling national interest requires the United States to stay warily but constructively engaged with the North Koreans in order to reap what benefits can be gained.

— THE WASHINGTON POST.

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Inherited Social Values May Be Stalling India

By William Pfaff

PARIS — The 50th anniversary of India's independence is the 50th anniversary of Indian democracy, a formidable achievement. But this is also an anniversary of profound and continuing economic ills.

India's lagging economic development is a rebuke to facile formulas for creating economic growth, including the most recent of these: that market-opening and globalization would do for India today what socialism was unable to do for it yesterday.

In 1950, postcolonial India had the strongest economy in Asia, with 2 percent of world trade. Its share in world trade today is 0.8 percent, and its economic rank is now near the bottom in Asia. Infrastructure such as roads and railways — British India's pride — has crumbled. The national power system is breaking up. India today attracts less foreign investment than Vietnam.

The blame for all this conventionally is placed on the Fabian notions of British socialism taught in the 1940s and 1950s at the London School of Economics, where many of India's young leaders studied. Certainly India in the 1950s set out with a naive industrialization model, and built irrelevant steel and cement plants as part of a centralized economic plan much influenced by Soviet industrialization.

It shared all the Third World development illusions of the period. But other countries which made the same mistakes have since recovered.

India failed to gratify its founders' expectations for growth and prosperity, and now it has disappointed the hopes held just a half dozen years ago, when its leaders accepted a new model of development through global trade.

Markets were opened to the world, and it was held that India could become the next of Asia's "tiger" economies. The economy prospered in certain fields. For a time, foreign investment came, driving up real estate prices in Bombay and other south Indian cities, and introducing a fraction of Indian consumers to the questionable pleasures of satellite television, shopping malls and franchised fast food.

A young and educated work force created an important software industry. Such firms as Goldman Sachs do New York back-office work in Bangalore.

But self-sustaining development has failed to follow. The Times of India writes of "a sense of abject resignation, an increasing sense of drift."

William Dalrymple, a British correspondent, is among many who make a formidable case blaming corruption for this. The failures of government have left rule to criminal gangs or landlords' private armies in some areas.

Corruption as well as economic success are connected to cultural factors that are often misinterpreted.

A new management book which praises "East Asian" business values and recommends them to the West (called "Mastering the Infinite Game") cites interesting surveys contrasting Asian and Western attitudes. Needless to say, Asia's "tiger" economies rank high on "stakeholder responsibility," cooperative work solutions, consultation, consensus, team responsibility, concern for "taking care of one's fellow man even when it obstructs freedom," and so on. The United States and Britain — champions of individualism and competition — rank in the last 10, or are last, in all these values. (India was not surveyed.)

Interestingly enough, however, in all seven of the categories dealing specifically with work attitudes, where Asian countries collectively dominate the positive responses, France is in the top 10 more often than any Asian "tiger," other than Japan. New Zealand is in the top 10 as often as Thailand. Germany, Ireland and Italy are all there.

"Asian" values are not exclusively Asian. So, are "Asian values," as generally understood, really what causes success? I would argue that the national cultural attitudes which affect economic performance fundamentally derive from religious values.

This is what Max Weber argued about capitalism where it originated, in Europe. He said that a specifically Protestant ethic shaped capitalism in the 17th and 18th centuries in Britain and Holland, and was responsible for its success among Protestant minorities elsewhere in Western Europe.

In India, pre-independence capitalism and industrialism developed chiefly in the Parsee community, Zoroastrians of Persian origin, who take a robust view of the struggle of good with evil, and believe in individual human responsibility.

Hinduism expresses an other-worldliness with respect to earthly rewards, and teaches resignation before apparent injustices in life. If one's destiny is to be a sweeper, this traditionally has been thought an ineluctable destiny. On the other hand, a position in the highest castes does not have to be earned.

This system produces public irresponsibility and conduces to a certain passivity with respect to crime, a tolerance of corruption connected to the belief that the individual's real purpose is withdrawal into an impersonal world-spirit. It is scarcely the capitalist spirit.

The inherited values of a society do shape its modern practices, but in far more complicated ways than most present discussion acknowledges.

International Herald Tribune.
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Mideast Impasse: A Firmer Clinton Line Would Be Helpful

By Mary McGrory

WASHINGTON — The people of the Middle East could have used some clear, firm rhetoric from the leader of the Western world. Bill Clinton settled for a sound bite.

"There is no parallel between bombs and bulldozers," he said at his sunlit conference on the South Lawn of the White House last week.

There is, of course, no parallel between the bombing of the marketplace by Palestinian terrorists who killed 13 and injured more than a hundred others, and the provocative Israeli home construction in disputed areas of Jerusalem. No one is saying there is — no one, that is, but Prime Minister Benjamin Netanyahu. It is only Mr. Netanyahu's savage retaliation — razing the homes of Palestinians who had no demonstrable connection with the atrocity — that seems to be inviting some sort of equivalency.

A more rational response is called for than his reckless attempts to destroy Yasser Arafat as a leader — and as a partner in a stalled peace process.

In another brutal move to weaken and discredit the Palestinian leader, Mr. Netanyahu has confiscated Palestinian tax revenues collected by Israelis, making it impossible for Mr. Arafat to pay state workers.

Yasser Arafat is a difficult collaborator, there is no argument about that. He has failed to address terrorism in crackdowns and 'round-the-clock vigilance — all required to stop suicide bombers. Denunciations of violence are not futile; they can help create a climate in which everyone understands that violence is not a political weapon.

There is certainly no reason to believe that the maniacs who struck the Jerusalem market have any more interest in peace than the fiends who recently shot two policemen to death in Northern Ireland.

On the other hand, Mr. Netanyahu's policy of punishing the innocent and his hard-line, macho statements do nothing to advance mutual tolerance and understanding.

Secretary of State Madeleine Albright has outlined the "unhelpful" actions on both sides — the sloppy Palestinian police work, the provocative Israeli settlements that contravene the "land for peace" philosophy embraced by the late lamented Yitzhak Rabin.

Mr. Clinton, resolutely sunny at his press conference, expressed some sympathy for Mr. Arafat: "I know that sometimes Mr. Arafat feels like he's caught in the middle, between his own population and their discontents and frustration and his frustrations in dealing with the Israeli government."

Mr. Clinton knows that more is expected of him in the Middle East than on, say, campaign finance, where he seems equally detached. The finest hour in his first term came on that September afternoon in 1993 when he nudged Mr. Arafat and Mr. Rabin into a historic handshake. It seemed then, and seems now, his best bet for a legacy.

But his reserve about the crumbling peace process, which looks to be in an almost terminal stage, makes you wonder how much he will fight for that particular claim on posterity.

He has made a few passes at the race question, but that will take more commitment than he has yet shown. The balanced budget won't get him gold in the record books.

He is on top of the world right now. His approval rating is at an all-time high (64 percent). It's the Dow Jones, not Paula Jones, that determines his standing.

He could take risks, if he were so inclined, but he doesn't want to take anybody on.

The Washington Post.

Trans-Atlantic Strains: A Snapshot From the European Side

By Stephen S. Rosenfeld

WASHINGTON — Another voice demands to be heard in the debate shaping up in the U.S. Senate this fall on what is likely to be the make-or-break NATO enlargement issue of whether Europe is carrying its fair share of the load.

In this heavy-stakes debate over the whole shape of the Atlantic world, Europe itself will be insisting that it is doing its share and then some.

It seems it is dawning only slowly on Europeans this summer that the American-inspired project — enlargement — which they hoped would rebind the allies and fit the alliance out for a post-Cold War future is in fact straining their ties and raising difficult and even existential questions that they had not expected they would have to deal with at this otherwise triumphal time.

I have presented (*Opinion, Aug. 2*) an American snapshot of these gathering tensions taken by Senator Joseph Biden. Here is a European snapshot, this one by the departing British ambassador, John Kerr, a diplomat who made it his business to keep in touch with Congress. He presented his personal reflections to the Atlantic Council at the end of July.

You will not be surprised to learn that Mr. Kerr stoutly rebuts any suggestion of European freeloading. This is the charge at the core of American concern over the durable and, if it is not skillfully tended, corrosive issue of trans-Atlantic "burden-sharing."

On its three key aspects, he argued this way:

European Union. Central Europe's enthusiasm for NATO has dispelled easy thoughts of diverting NATO applicants into the European Union. Nor will Europeans take kindly to appeals to set aside economic and monetary union in order to speed EU enlargement.

Americans have underestimated the ease of EU enlargement. Admitting the 11 applicants, with more than 100 million people with a per capita wealth only 15 percent of the EU average, would be harder than adding all the Latin states south to Ecuador to America's free trade area.

"I hope that the NATO enlargement debate here won't be laced with criticism of the pace of parallel EU expansion."

NATO costs. The most politically sensitive issue. But the "strikingly high" numbers in the current Rand and Congressional Budget Office estimates use threat assumptions which no NATO government accepts. Even the Clinton administration's lesser numbers are implausibly high.

The American share of new direct costs ($9 billion to $12 billion over 12 years) is less than $150 million a year.

Europe's refusal to pay the whole $12 billion to $15 billion in indirect costs has stirred American complaints of slacking, but these costs are assessed to meet force goals that NATO has never met.

Senate ratification is "far too important to be sidetracked by political accusations based on creative accountancy — let's wait for real numbers, based on real new requirements."

Bosnia. Britain doubts that the Dayton peace settlement can be completed by the time the United States wants to withdraw its ground troops next summer. But, although London is prepared to stay, it will pull out if Washington does.

Why? NATO "tested to destruction" in 1993-1995 doing the job with others' troops on the ground "and the U.S. second-guessing from the sidelines." Don't blame the Europeans if a NATO force in Bosnia including Americans cannot be sustained.

John Kerr's tight-upper-lip bottom line:

"An alliance that walked away from Bosnia next summer would be one that didn't match up to the aspirations of those invited, at Madrid, to become its new members. Since I don't think I'm alone in taking this view, I am convinced that both 1998 debates [on NATO ratification and on Bosnia] will come out right. I don't believe we are about to betray ... those who built our alliance, or those who for half a century have longed to join it."

Much of politics consists of depicting your own political priorities as unchallengeable and controlling, and the other guy's as arbitrary and changeable. NATO military-cost estimates, EU and NATO enlargement criteria, Bosnia policy-making: All these are considerations subject to the ebb and flow of events and the cut and thrust of debate.

What must be said now is that in the American debate the administration has far to go to show that NATO enlargement is not only worthy as foreign policy but also manageable as politics. The Europeans have their purposes: we Americans must think out our own.

The Washington Post

So You Think Men Are Smarter?

By Maureen Dowd

LOS ANGELES — My male friends tell me that I generalize too much about men. That's so true. It's one of the flaws of women generally.

A new study has found that men have an average of 4 billion more brain cells than women. The Danish researchers who made the discovery that men had about 23 billion and women 19 billion were flummoxed about what men do with all their extra neurons.

"It's the part of the brain that has to do with abstract thinking, with fantasizing, with speech ... higher brain function," Dr. Bente Pakkenberg, a female neurologist who examined the brains of 94 adult corpses, told The Washington Times. "There was a 16 percent difference in the count — almost 4 billion fewer nerve cells in women than in men. That really surprised me." (And those men were dead!)

I can remember a time when this information would have alarmed me. But that was before I got to know men so well. Now I am serene in the knowledge that even if they are Big Brains and we are Little Brains, they will squander that advantage.

Here in Hollywood, a place run largely by men, television and movie executives use all that higher brain capacity devising ingenious ways to pay stars more and more millions to perform less and less original material.

Back in Washington, a town largely run by men, they use all that edge in thinking and speaking to show that they are emotionally unsuited to hold high office. They lie and plot and scheme with laughable ineptness to overthrow each other and scratch each other's eyes out. They pout and weep and leak to reporters. They close down the government, hold up flood relief and block ambassadorial nominations over personal slights and petty rivalries.

On Wall Street, the testosterone center of American finance, the stock market behaves like an irrationally exuberant or unexuberant Victorian lady, full of whims and inconsistencies — sometimes bustling about, overwrought with joy, and then, at the merest hint of a change or problem, getting the vapors and collapsing on the fainting couch, fluttering her lacy handkerchief.

It is discouraging that not only are women's magazines all about making men happy. Men's magazines are all about making men happy.

But looking for clues to what's bubbling around in those overstocked cerebella, I peruse the literature of the other gender.

The September issue of Men's Fitness offers "10 Hot Tips for Great Sex" and "Swinging Spots to Let Your Hair Down." (No. 2: the hot tub at the Cliff Lodge, Snowbird, Utah. No. 10: the Indianapolis 500.)

The August Men's Health advises. "Train for Great Sex." ("Three new positions for making love — and more important, how to pull them off without injuring yourself.")

GQ's August issue touts "Marathon Sex: Pace Is Everything." The September Details offers "The Secrets of Seduction: Women Reveal What Makes Them Say Yes." (Technique No. 6: "Encourage her to order more food. If you tell a woman to get dessert you have a very good chance of seeing her naked.")

So men are splurging about 2 bil of those neurons on seduction techniques and sex fantasies. The rest they spend obsessing about tighter abs, Web sites, thinning hair, stock tips and better gear — the sport-ute bike, cross-training socks, graphite clubs, Lycra cycling gloves, Fila Metal Flake Slides and the Leatherman Super Tool — which can do anything from fixing landing gear to removing a fishhook from somebody's head.

August Men's Health has a feature called "Grill of Your Dreams: Sleek machines that let you broil, smoke, sear — and scare the neighbors," and another about how to properly outfit yourself to fly-fish. ("It's not that you necessarily need all the stuff — you can catch plenty of fish with an $89 blue-light special fly-fishing outfit — but owning and appreciating good equipment is a big part of what makes fly-fishing so much fun.")

By my calculation, all this narcissistic nonsense brings their brain cells down to 14 or 15 billion, which puts us ahead. And there's worse news, guys. Dr. Pakkenberg muses that "maybe we'll find it's much more important how they are connected than how many there are."

Get it? Generally speaking, size doesn't matter.

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Spanish Tenacity

PARIS — [The Herald says in an Editorial:] The death of Senor Canovas, the Spanish Premier, has caused the profoundest sensation throughout the civilized world, reviving the deep-rooted aversion there is for the Anarchists; Secretary of State Sherman is reported as stating: "The death of one man is not necessarily going to change the sentiment of the whole country. Spain is a very tenacious country. Her money is gone, her resources have been exhausted, but she means evidently to hold on to Cuba. Just how she can do it under these circumstances I cannot see, yet she is opposed to yielding a single point."

1922: 'Peace' in Italy

ROME — While Fascisti Deputies were reaching for their hip pockets and fisticuffs were being exchanged in the Chamber with resultant pandemonium, Benito Mussolini, chief of the Fascisti, declared to a reporter that Italy was now entering a period of civil peace. The Fascisti have decided not to support the reconstituted Facta Government, but will keep the peace unless the Socialists or the Government attack them.

1947: Jewish Goal

LANDSBERG, Bavaria — Scores of Jews who have suffered torture and privations in the last eight years welcomed United Nations investigators to their displaced persons camp and asserted with emotional unanimity: "We want to go to Palestine and nowhere else." The committee men listened with sympathy to this ambition but several of them wanted to find out to what extent the Jews have been propagandized into their fervor for the Holy Land by the activities of political Zionists.

LANGUAGE

Cutting-Edge Surgery and Other Bloopies

By William Safire

WASHINGTON — The moment dreaded on Madison Avenue is at hand. It's time for the highest honor that can be bestowed on the flubs of those copywriters who practice the poetry of persuasion: the ever-less-coveted Bloopie Awards.

This year, the airline industry dominates. "British Airways," snarls its competitor, Virgin Atlantic, "is encouraging any passenger who can say that their business class isn't the most comfortable in the air to write and tell them why."

Virgin is encouraging the reader to think of British Airways in the singular: "British Airways *is*." Fine; that's American usage. But it (Virgin, construed as singular) cannot with consistency use pronouns about BA, one single unit, such as *their* and *them*. The only correct forms are *its* and *it*. (The way to get around that is to make the subject "the folks at British Airways," or "those Establishment stiffs trying to drive us upstarts out of business," which would then take a more personal personal pronoun.)

Over at Continental Airlines, they boast that customers at Newark Airport know that "shops and restaurants are abundant and customs are speedy." While studies of Aborigines in Australia may deal with *their customs*, which is the plural of *custom*, the United States Customs Service considers itself singular and you better believe it or the customs officer will make you lay out all your Paris-purchased underwear in front of all those other passengers. *Customs*, when used to mean the organization that collects duties, *is* singularly tough.

A company — even one that makes airplanes — may be a neutral entity, a beloved institution or a despised conglomerate, but it is not a living thing. Gulfstream Shares asserts, "Companies who own business jets outperform companies who don't." The antecedent of *who* should be a person: I am willing to extend this to a dog with a personality, but an inanimate object or organization takes a *which*. The flexible *that* can apply to people or things.

According to L'Oreal, 'Vive means life.' Not quite. As they never say in Paris, 'C'est la vive.'

And speaking of life: L'Oreal, the French cosmetics firm that has come out with a line of shampoos and conditioners called Vive, contributes to global linguistic confusion with its slogan "*Vive* means life!" Not quite. The French word *vive* is the subjunctive form of the verb *vivre*, "to live," and means "Live!" or "Long live," as in "Long live frizzy hair!" The noun for *life* in French is *vie*, which can sometimes be *en rose*. As they never say in Paris, *C'est la vive*.

In a similar error reflecting a cultural gap, Isuzu has a line in its television advertisement for its Trooper utility vehicle that goes, "You don't have to buy the farm to get one." Unfortunately, *to buy the farm* is an old aviation expression meaning "to crash and burn."

Worse than the French not knowing French or Japanese not being hip to macabre Americanisms is the communications company who (whoops!) that communicates clumsily. "Never has a dangling *modifier fetched such a handsome price*," writes Peter Maiken at Beloit College in Wisconsin, enclosing a full-page ad from The Wall Street Journal by Lucent Technologies that reads. "Since inventing cellular and after introducing digital wireless, wireless office systems and cordless phones, it seems that anyone can get ahold of *you no matter where you are*."

As it stands, that sentence makes no sense at all. It could be improved, though not undangled, by changing *inventing* and *introducing* to *the invention of* and *the introduction of*.

A heart-stopping headline reads, "Do You Have Chest Pain?" A special Bloopie for unintended vividness goes to the Columbia-Presbyterian Medical Center, which describes itself as "a leader in cutting-edge research and heart surgery." The hyphen helps a little.

Proof that ideas are better than automobiles can be found in a Mercedes-Benz accessories ad that rates this year's Disaster Bloopie. "Her trademark has always been making art out of the everyday," the copy begins. "First, she was taken with fruits and vegetables. Next, she was inspired by popcorn, footballs and sharks. Then one day, Nicole Miller was struck by a Mercedes-Benz."

New York Times Service

BOOKS

WHY PEOPLE BELIEVE WEIRD THINGS

Pseudoscience, Superstition and Other Confusions of Our Time

By Michael Shermer. Illustrated. Foreword by Stephen Jay Gould. 306 pages. $22.95. W.H. Freeman & Co.

Reviewed by Richard Bernstein

THE United States is a country where phone lines are clogged by people dialing the Psychic Friends Network to get some hints as to their future prospects. If you are among these psychic friends, or if you are one who believes in creationist science or has had an out-of-body experience during which you had a taste of the world to come, then this book by Michael Shermer is going to challenge some of your most cherished notions.

Shermer teaches the history of science at Occidental College in Los Angeles and is the publisher of Skeptic magazine, which wages the battle of rationalism and science against superstition and wishful thinking.

In "Why People Believe Weird Things," he provides a catalogue of silly and sometimes pernicious notions, ranging from iridology (by which specialists claim to be able to diagnose, say, kidney disease by examining one's iris) to Holocaust denial to recovered memory syndrome, reliance on which has actually sent a few people, accused of having committed crimes decades earlier, to prison.

Beyond his exposé of contemporary superstition and other forms of nonsense, Shermer attempts to describe not just what people believe but also why they believe it. His book is far better in the exposé sections than in the explanatory ones, where despite the promise of his title he has little new to say. Early on he demonstrates the pervasiveness of mystical beliefs, citing a Gallup Poll of 1991 that showed 52 percent of Americans believing in astrology, 46 percent in extrasensory perception and 42 percent in communication with the dead.

"Other popular ideas of our time that have little scientific support include dowsing, the Bermuda Triangle, poltergeists, biorhythms, creationism, levitation, psychokinesis, astrology, ghosts, psychic detectives, UFOs, remote viewing, Kirlian auras, emotions in plants, life after death, monsters, graphology, crypto-zoology, clairvoyance, mediums, pyramid power, faith healing, Big Foot, psychic prospecting, haunted houses, perpetual motion machines, antigravity locations and, amusingly, astrological birth control."

No doubt superstition is widespread. Still, Shermer would have done well to exercise a bit of the skepticism he proclaims as his guiding principle, asking how this alarming poll was conducted and whether it measured real conviction or a casual flirtation with notions of the invisible. Do more than half of Americans really believe that being a Taurus makes them different from being a Capricorn, or do they just consult their horoscopes for fun? The distinction is too important to have been neglected.

In any case, when Shermer recounts some of his own adventures in the debunking trade — he is often invited to appear on television, for example, to refute the claims of psychics — his account is lively and interesting.

In the best parts of Shermer's book he shows how some of the more popular mystical practices work — how, for example, a skillful psychic can stun an audience by seeming to know intimate details of the lives of some of its members, when, in fact, all he or she is doing is uttering generalities and making shrewd observations of particular individuals.

"Why People Believe Weird Things" turns in its final chapters into a kind of intellectual autobiography, not devoid of self-promotion, in which Shermer anoints himself expert on a huge array of subjects.

But in those areas where he is expert — the persistence of superstition is the most important — his book provides a useful antidote to the nonsense that surrounds us.

Richard Bernstein is on the staff of The New York Times.

BRIDGE

By Alan Truscott

ONE of the teams in the final of the American Contract Bridge League's Summer Nationals in Albuquerque, New Mexico was a foursome of players who regularly represent Poland in world championships: Cezary Balicki, Adam Zmudzinski, Merek Szymanowski and Marcin Lesniewski. Their teammates are Tipton Golias of Beaumont, Texas, and the team captain, Grant Baze of La Jolla, California.

In the semifinal play, the Baze team won impressively by 33 imps against Nick Nickell of Manhattan and his team, who were trying for a fifth straight victory.

The other finalists were James Cayne, Alan Sontag and Mark Feldman, all of Manhattan, Michael Passell of Dallas, Chuck Burger of West Bloomfield, Michigan, and Michael Seamon of Miami Beach.

Jill Meyers of Santa Monica, California, Randy Montin of Napa, California, Tobi Sokolow of Austin, Texas, and Mildred Breed of Woodway, Texas, who will represent the United States in world championship play in Tunisia in October, won the Women's Knockout Team title teamed with Renee Mancuso of Redondo Beach, California, and Shawn Quinn of Katy, Texas. Their margin of victory was 60 imps over a group led by Kathie Wei-Sender of Nashville, Tennessee.

The diagramed deal helped Meyers and her teammates win their semifinal match. Against three no-trump, she led a heart in spite of South's bid of that suit. Her partner, Montin, made the expert play of the queen from the East hand. South did well by holding up her king, but it did her no good. The hearts were cleared by the play of the ace and another, and West had a spade entry to score two more heart tricks and defeat the game.

This was an elegant example of when not to play third-hand high. In the replay, East played the heart ace on the first trick and returned the queen. When Quinn as South won with the king, she was protected against another heart lead from West. A spade was led, and West took the king. She shifted to a club, but South was able to establish her ninth trick in diamonds without losing the lead to East.

NORTH (D)
♠ Q 8 6 3
♡ 10
◇ A K 7 6
♣ A 7 5 2

WEST
♠ K J
♡ J 8 7 5 2
◇ Q 9 5
♣ J 9 6

EAST
♠ 9 7 4 2
♡ A Q 3
◇ 10 4 2
♣ Q 10 8

SOUTH
♠ A 10 5
♡ K 9 6 4
◇ J 8 3
♣ K 4 3

Neither side was vulnerable. The bidding:

North	East	South	West
1 ◇	Pass	1 ♡	Pass
1 ♠	Pass	2 N.T.	Pass
3 N.T.	Pass	Pass	Pass

West led the heart five.

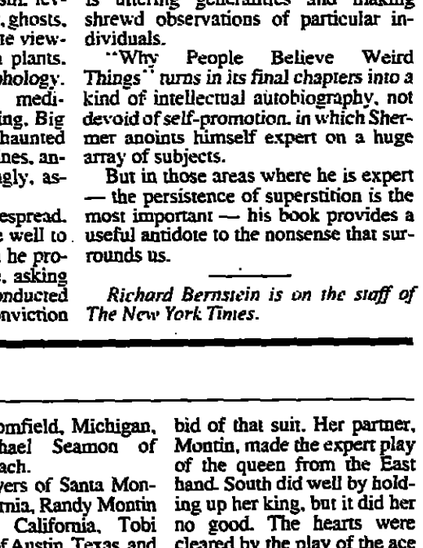
CROSSWORD

ACROSS

1 Webster's, e.g.: Abbr.
5 Ones easily fooled
9 Afflictions
14 Jacob's twin
15 "Not guilty," e.g.
16 Dwelling place
17 Green shot
18 Bibliography, basically
19 Cheek cosmetic
20 Parts of lbs.
21 Diagonally
23 Put safely to bed, as a child
25 Peewee
26 Steal cattle
29 Actor Nielsen of "Airplane!"
33 Practices in the ring
35 Be jubilant
37 Octopus's defense
38 Cheryl of "Charlie's Angels"
39 Louvers
40 Lavish affection (on)
41 Lubricate
42 Taxonomic divisions
43 Clerics' confab
44 2 or 3, maybe, on the Richter scale
46 *Macbeth* and others
48 — Normandes (Channel Islands)
50 Tidbit
53 Dry bouquet item
58 — and cry
59 Poppy product
60 Stead
61 1995 porcine Oscar-nominee
62 Not so good
63 Muscat's land
64 Rainless
65 Lip-curling smile
66 Telegraphed
67 Caddie supplies

DOWN

1 Train stop
2 Trooper on the highway
3 Children's string game
4 Syllable of reproach
5 Aid for a fracture
6 Dismounted
7 Buzzy one
8 Mythical goat/man
9 British sir
10 Cuts short, as a space flight
11 Verb accompanier
12 Advantage
13 Prophet
21 Smooch
22 Picks out
24 Northern Iraqi
27 "The Windsor Beauties" painter
28 Praise
30 Biggest portion
31 Absorbed by
32 Scraped (out)
33 Coin hole
34 Twosome
36 Great Salt Lake site
39 Nagger
40 One turning color?
42 Nylon, for one
43 Skiers' wish
45 Treat badly
47 Quantity
49 Missile pits
51 Jazz pianist Blake
52 City north of Sheffield
53 Some camp denizens, for short
54 "Once — a time . . ."
55 Beget
56 Margarita fruit
57 Like Jack Sprat's diet
61 Dracula, at times



Puzzle by Daniel Hallen

Solution to Puzzle of Aug. 8

E	D	I	T	O	R	I	A	L	C	H	A	I	R	S
C	A	M	E	T	O	T	H	E	R	E	S	C	U	E
T	H	R	E	E	M	A	S	T	E	D	S	H	I	P
O	L	E		A	L	O	H	A		T	O	N	I	
		J	O	N	I		E	M	F		R	S	A	
G	A	M	E	C	O	C	K		E	O	S			
A	V	I	S	O		I	N	P	R	O	T	E	S	T
R	E	R	U	N		Z	O	A		T	O	W	N	S
B	R	A	I	N	C	E	L	L		A	P	E	A	K
		T	O	A		L	O	D	G	I	N	G	S	
L	O	N		R	T	E		M	E	E	T			
A	R	E	A		E	L	V	I	S			A	P	U
B	O	R	D	E	R	L	I	N	E	C	A	S	E	S
E	N	T	E	N	T	E	C	O	R	D	I	A	L	E
L	O	S	E	S	O	N	E	S	T	E	M	P	E	R

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INTERNATIONAL

U.S. Decided to Spur Mideast Talks

Clinton and Advisers Agreed Original Strategy Had Faltered

By Steven Erlanger and Alison Mitchell
New York Times Service

WASHINGTON — On June 19, after one more trip to the Middle East by a special presidential envoy had ended in failure, President Bill Clinton gathered his vice president and senior foreign policy advisers in the Oval Office for a basic rethinking of their strategy in the region.

U.S. intelligence reported growing frustration among Palestinians in the occupied territories and warned of new violence. It was clear that political relations and trust between the Israelis and Palestinians were deteriorating at an alarming rate.

All of Mr. Clinton's key aides attended the meeting: Vice President Al Gore; Secretary of State Madeleine Albright; Samuel Berger, the national security adviser, and Dennis Ross, the special envoy. For 90 minutes, senior officials said, the discussion went back and forth about their shattered hopes for getting serious peace negotiations started again, and about what Washington should do.

That June meeting began a process that gathered momentum after last month's suicide bombings and culminated Wednesday when Mr. Clinton's administration pledged to move more actively to revive the foundering Middle East peace talks.

In this major shift of strategy, Washington has adapted a proposal first made by Prime Minister Benjamin Netanyahu of Israel in April: to speed up the timetable for talks between Israel and the Palestinians and address the most nettlesome issues of a final settlement. U.S. diplomats would be a forceful presence at the table alongside Israelis and Palestinians, to press both sides.

The announcement of the new approach capped months of growing unease and impatience with the stalemate in the region. At the meeting there was fundamental agreement on the need to act and save the peace effort but differences over tactics.

Mr. Gore, who throughout his career has been a strong supporter of Israel, argued for caution about pressing Mr. Netanyahu too hard in public, in large part out of concern that such a tactic would backfire, officials say.

Mrs. Albright, who had made a point of not traveling to the Middle East until she could preside over some tangible progress, took a harder line, largely supported by Mr. Berger. She argued that the time had come for a more active and intrusive U.S. role, pushing both sides harder with clearer and more candid U.S. ideas.

After the June 19 meeting, the president flew to Denver for a summit meeting at which France and others pressed for a more active international role in the Middle East. And on June 22, traveling to the Denver airport after that meeting, Mr. Clinton, Mrs. Albright and Mr. Berger spent 30 minutes in the back of the presidential limousine discussing what steps to take.

By the end of their ride together, they concluded that Washington had to move more forcefully to revive the peace effort with a package of U.S. ideas. By this logic, the central premise of the 1993 Oslo peace accords, that gradual negotiations would build trust that would allow both sides to navigate the contentious issues involved in any final settlement, no longer held.

Instead, because Israel had a new prime minister more skeptical of the Oslo accords, and because Yasser Arafat, the Palestinian leader, was failing to enforce control over militant terrorist groups, bitter disputes had only deepened the gulf between the Israeli and Palestinian sides.

The U.S. officials concluded that the time had come to speak out and press both sides to move directly to formulate a final peace agreement, as long as the Palestinians retained what they had gained at Oslo, notably two further Israeli troop withdrawals.

For months, both Mr. Clinton and Mr. Gore had been reluctant to get into a public dispute with Mr. Netanyahu, a senior official said. Their support for his opponent, Shimon Peres, in Israel's 1996 election had created a need to build trust with Mr. Netanyahu, and both the president and the vice president were wary of offending American Jewish voters.

"Let's say they were more cautious than Albright and Berger," the official said.

They particularly wanted to avoid a public fight, the official said, because they felt publicity might push Mr. Netanyahu into too tight a corner about fundamental decisions that could be more easily made in private.

But by the end of that limousine ride in Denver, the president had concluded that the previous approach, holding back and helping the Israelis and Palestinians try to work matters out among themselves, would not work.

"It was clear that they weren't going to get there themselves," a senior U.S. official said of the Israelis and Palestinians.

"They had lost the ability to find the current to jump into, let alone the right direction to swim."

And that meant, another official said, "putting American ideas on the table — even if they are unwelcome to either or both sides."

The idea is to use American mediation on the toughest issues of final status: whether Palestinians would have a state of their own, what to do with Palestinian refugees and how to resolve both sides' claims to Jerusalem.

"If the parties have a clear mutual and favorable sense of the ultimate direction of negotiation," Mrs. Albright said in a major policy speech Wednesday, "it will be easier for them to overcome setbacks and avoid distractions along the way."

The Americans also plan to press Mr. Arafat to honor his commitment, sometimes broken, to maintain security cooperation with Israel while they push Mr. Netanyahu to freeze new construction in Jerusalem and withdraw troops from the West Bank, as Israel agreed to do in the Oslo accords.

The suicide bombings in Jerusalem only accelerated Mr. Clinton's decision to move more quickly and more publicly, the officials said. "We decided to try to use the bombings as an opportunity," one said. "It was time to shake both the parties."

At White House meeting July 31, the day after the bombings, the decision was made to send Mr. Ross back to the Middle East to work on security cooperation. If he made progress there, Mrs. Albright was to go at the end of this month.

Mrs. Albright's speech announced the new strategy and criticized Mr. Arafat strongly for not meeting his commitments on security. But she also made explicit criticisms of Mr. Netanyahu's actions in areas such as house-building in parts of Jerusalem, establishing more Jewish settlements and confiscating Palestinian land.

Previously, the peace effort nearly came to a halt in March when Mr. Netanyahu authorized new housing for Jews in Jerusalem, at Har Homa. He argued that this step did not legally violate the Oslo accords, but the Palestinians said it altered the face of Jerusalem, something that was supposed to be agreed upon only in final-status talks.

Three days after construction began, a terrorist bomb killed Israelis in a Tel Aviv café. Together, those events ripped huge holes in a fragile trust.

Mr. Netanyahu felt that Mr. Arafat was breaking his promise to provide security; Mr. Arafat said Mr. Netanyahu was acting unilaterally to undermine the Oslo accords and preempt the final-status talks; Palestinians and Israelis stopped talking to one another in a serious way.

The Clinton administration, said Richard Haass, a Middle East expert in the Reagan White House and now at the Brookings Institution, "was slow to respond, almost as if they didn't realize that American involvement had moved from almost unnecessary to absolutely critical."

By the end of June, officials said, it became clear that a high-risk strategy of going for final-status talks, as Mr. Netanyahu suggested earlier, was better than the current rancor, as long as Mr. Arafat could be convinced that he would not lose the troop redeployments scheduled in the Oslo accord.

In late June and July, a package of proposals was drafted to try to reconcile the commitments made at Oslo with the idea of speeding up the final-status talks. U.S. officials felt that it would be possible for Mr. Ross to push Mr. Arafat to resume security cooperation and to push Mr. Netanyahu to halt new housing construction in Jerusalem. They also expected Mr. Ross to be able to settle details on other issues, such as opening an airport and a seaport in Gaza for the Palestinians and guaranteeing them safe passage between Gaza and the West Bank.

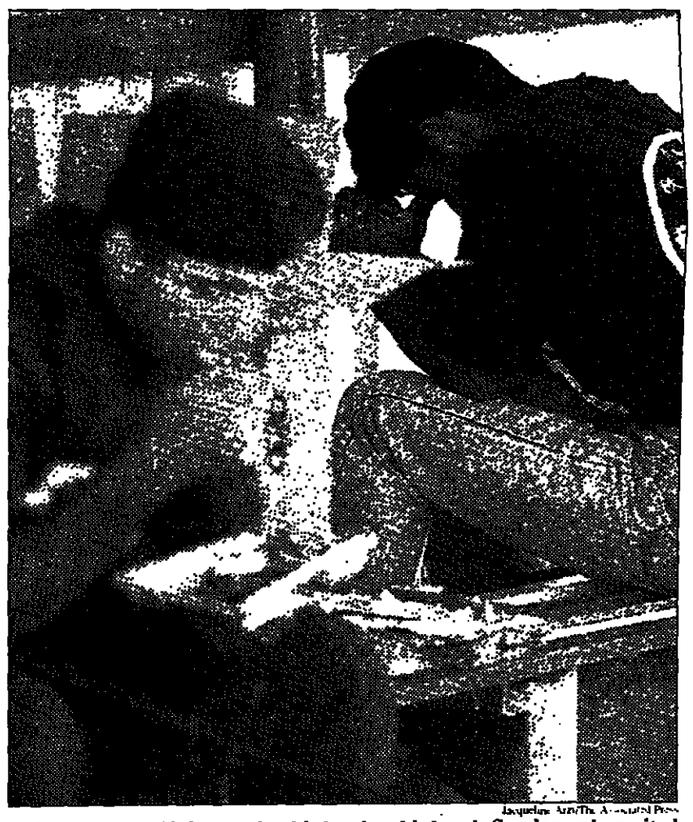
With that work accomplished, Mrs. Albright would then go herself and try to press for enough mutual guarantees to get the two sides into accelerated final-status talks.

After the bombing, Mrs. Albright wondered whether the situation had become so bad that she should go sooner rather than later, a senior official said.

"After some brief discussion, there was a quick consensus that her trip should be announced but conditioned on results," an official said. Mr. Ross would go first, as one official put it, to "try to get the temperature down." With Israel preoccupied with security problems, this official said, "it would have been hard for her to have the conversation she needs to have."

"While the impermissibility of violence is paramount," another senior official said, "we have to persuade the Israelis to stop making things worse by creating unilateral facts on the ground."

But given the current rancor in the Middle East, he said, he was more worried now about Mr. Arafat's agreeing to the necessary moves on security. "We have to succeed in getting the security right first," he said. "Then the other pieces can fall into place."



Jacqueline Arzt/The Associated Press

A detained Palestinian resting his head on his hands Sunday as he waited for release while an Israeli officer ate lunch at the Bethlehem checkpoint.

MIDEAST: *U.S. Envoy Meets Obstacles*

Continued from Page 1

Sunday morning that there had, in fact, been "an almost total lack of cooperation" even in the aftermath of that incident, which killed 13 Israelis and two suicide bombers. Mr. Arafat had also said that Israeli security officials had told the Palestinians that the attackers had almost certainly come from outside the West Bank and Gaza, and may have been members of the Iranian-backed Hamas. But when asked about that claim Sunday night, Mr. Netanyahu flatly labeled it as "false," saying that no Israeli officer had provided the Palestinians with any such information.

The attackers have not yet been identified, and Mr. Netanyahu cautioned that the evidence is not yet conclusive, but he said that what has been gathered so far "points directly to the assistance of terrorist organizations operating in the Palestinian territories."

A top adviser to Mr. Netanyahu, David Bar-Illan, also said that Israel had seen nothing to support another claim made on Saturday by Mr. Arafat, that the Palestinian authorities had made arrests and seized a new cache of weapons and explosives in the West Bank.

Israeli officials have also voiced alarm at discussions within the Palestinian legislature about beginning conscription within territory under their control. The plan has been described as an attempt to promote national service, but the Israeli officials have said that in practice it would serve to establish a Palestinian army in violation of the peace accords signed by both sides.

Mr. Ross and his team spent two and a half hours meeting with Mr. Arafat and Palestinian officials Sunday afternoon. He met later with President Ezer Weizman of Israel, and was to meet again with Mr. Netanyahu and then perhaps return to Mr. Arafat for another session.

"I have a sense that we can find ways to move forward, but it will take a lot of work," Mr. Ross said Sunday afternoon.

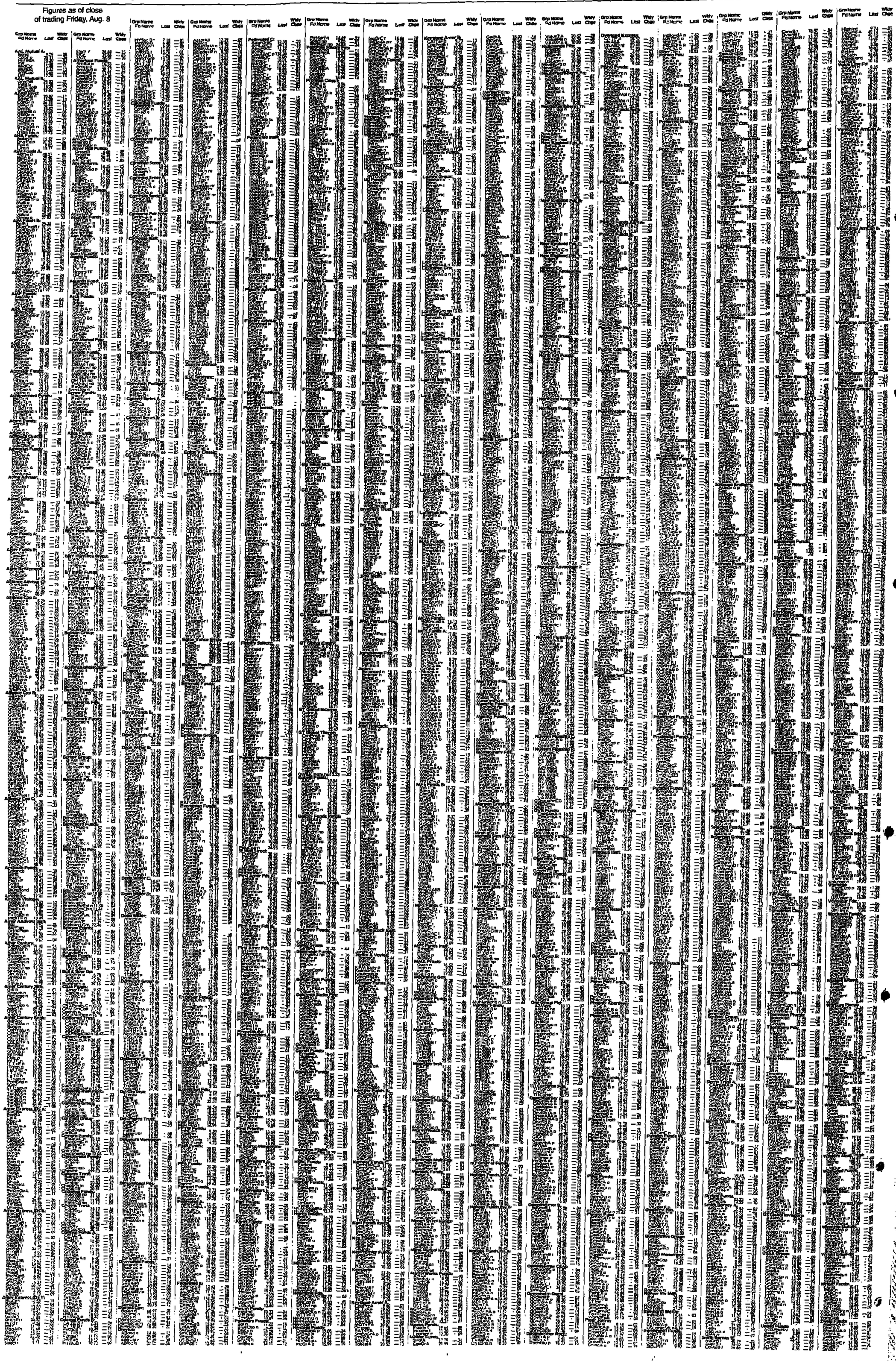
Mr. Weizman, who has generally advocated a more moderate approach than Mr. Netanyahu but exercises no official power, said: "We will do everything to avoid going into a hot conflict, and right now it seems as if it's moving in that direction."

Another potential complication to Mr. Ross's mission arose in southern Lebanon on Sunday, where a guerrilla attack left one Israeli soldier dead and another wounded inside Israel's self-described security zone. Israel rarely takes casualties there without mounting retaliatory raids. And because another attack Sunday included the launch of Katyusha rockets that struck an orphanage inside the zone, wounding two civilians, it seemed possible that the level of violence between Israeli forces and the Iranian-backed militiamen could widen further after a week in which 16 people have been killed.

Toward the Palestinians, Israeli officials maintained the same rigid line they have adopted since the suicide attack in the Mahane Yehuda market. Despite American protests, voiced from Washington last week and presumably repeated by Mr. Ross on Sunday, Mr. Netanyahu said he would continue to halt millions of dollars in monthly transfers owed to the Palestinians until their authorities begin to take action against suspected militants.

MUTUAL FUNDS

Figures as of close of trading Friday, Aug. 8



Ebner Berk-
Bigger Stake
In Insurer
Winterthur

Thyssen
Krupp

CURRENCY RATES

Herald INTERNATIONAL Tribune

BUSINESS/FINANCE

MONDAY, AUGUST 11, 1997

Ebner Seeks Bigger Stake In Insurer Winterthur

Bloomberg News

ZURICH — The Swiss investor Martin Ebner said in reports published Sunday that his funds were striving for at least a 50 percent stake in Winterthur Insurance and may already control 30 percent of Switzerland's second-largest direct insurer.

In a letter to investors, Mr. Ebner's BZ Trust AG said the funds, which include BK Vision and Stillhalter Vision, wanted a share "of more than 50 percent" in Winterthur "in the long term." He said he and his clients now hold "about 30 percent" of the insurer's shares, according to Sonntagsblick, a Swiss Sunday newspaper.

Mr. Ebner told the paper his funds now hold "about 25 percent of the shares, and with the shares of our customers, we have about 30 percent altogether." That would value the shares he currently controls at 4.04 billion Swiss francs ($2.7 billion).

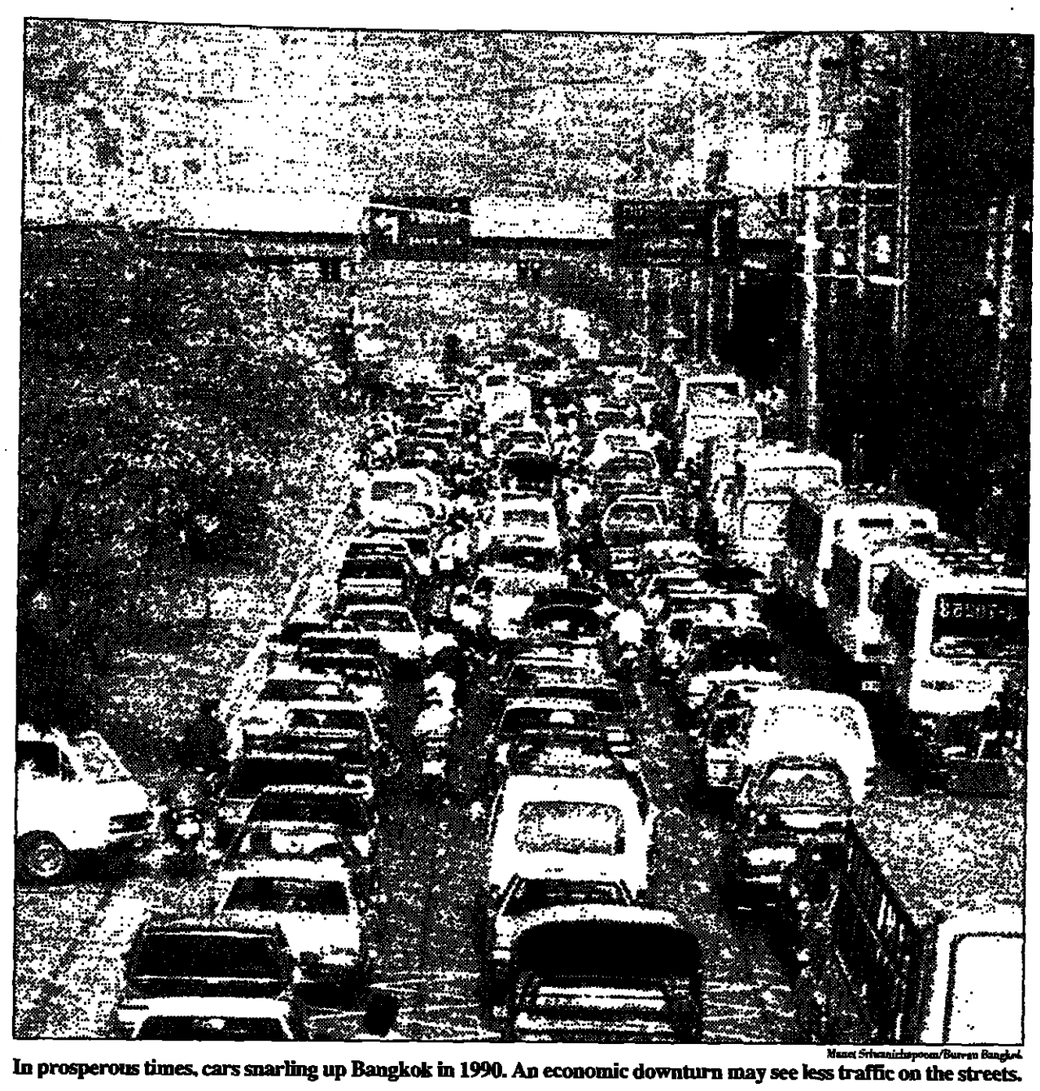
Mr. Ebner, who brought shareholder activism to Switzerland, also owns a quarter of Union Bank of Switzerland's registered shares, giving him 12.8 percent of voting rights and 4.3 percent of the capital. For more than three years the Swiss investor has been locked in a legal battle with the bank over the introduction of a new share structure.

He said last month his investment funds had raised their stake in Winterthur to 18.3 percent and said he believed the insurer was a takeover candidate as insurance and banking industries consolidate.

"It's simply a declaration of intent," said a Winterthur spokeswoman, Anne-Marie Kappeler, of the letter. "What's important is that Winterthur has a 5 percent limit on voting rights" of shareholders.

Ms. Kappeler said the insurance firm was not concerned about a takeover of the company.

On the Swiss exchange on Friday, Winterthur shares rose 8 francs to 1,515 francs in a falling Swiss market; so far this year, they have jumped 95.74 amid takeover talk, the best-performing stock in the benchmark Swiss Market Index.



Manet Srisanitchpoom/Bureau Bangkok

In prosperous times, cars snarling up Bangkok in 1990. An economic downturn may see less traffic on the streets.

Thai Go-Go Economy Stops Dead

Too Much Credit and Weak Government Blamed for Sudden Fall

By Keith B. Richburg
Washington Post Service

BANGKOK — Nearly two dozen new cars sit collecting dust on the eighth-floor parking garage of a high-rise office building on a busy commercial strip — Mitsubishis, Hyundais, Daihatsus and a Ford Aspire, all once owned by VIPs, all repossessed after Thailand's credit bubble burst and the owners couldn't make the payments.

Not far away, a Mercedes-Benz dealer reports he has started selling used cars because people no longer can afford his new ones.

On the outskirts of the capital in a development called Golden City, along a mile-long street lined with coconut trees, huge glass and steel apartment and office towers sit as empty as a ghost town. The project seemed like a good idea during Bangkok's go-go years, when investors snapped up units hoping for a quick resale. Now, Golden City stands as a testament to years of overbuilding.

Just a few months ago, this steamy and congested capital was known primarily for its ostentatious affluence — the luxury cars snaking bumper-to-bumper along traffic-clogged streets, the booming stock market, glitzy new shopping malls with the latest fashions, yuppies on cellular telephones jamming trendy eateries. But today the signs are not of affluence but of a dramatic economic downturn.

International flights from Bangkok are seldom full because few middle-class Thais can afford costly overseas vacations these days. Restaurants once crowded at lunchtime have available tables. Expensive golf courses are no longer as crowded on Sunday mornings, regulars say, and longtime Bangkok residents even swear the city's notorious traffic jams have eased a bit, with fewer private cars on the streets because of repossessions and higher gasoline prices.

For Thais, long accustomed to annual economic growth of 8 to 10 percent and fat yearly pay increases, the bad news is that things are likely to get much worse, and soon. An increase in the value-added tax to 10 percent from 7 percent that is due to take effect shortly will increase the price of almost every consumer item except fresh foods. The crisis in the financial-service industry, which caused the shutdown of 58 ailing finance firms, could result in as many as 10,000 layoffs. Some economists are predicting as many as 100,000 layoffs overall by year's end, particularly as new construction halts and manufacturing slows.

An International Monetary Fund bailout plan will mean further increases in electricity and fuel rates. "All their household expenses will go up, and nobody's giving out raises," an American banker said. "What people worry about are protests in three months' time."

All this sounds like a description of a basket-case developing country, not Thailand. After all, Thailand was held up as a model of how a developing country could get it right — liberal investment and export policies, a diversified economy and sound, professional financial management kept immune from the vagaries of politics.

Economists and bankers are asking how things could have gone so wrong so quickly. "It's quite amazing," said Dominique Maire, a researcher at UBS Securities here. "Growth was driven by investment, which was driven by credit. It's easy to criticize, but everyone was euphoric."

Analysts agree that Thailand's dramatic fall was the combination of at least three key factors: an over-reliance on credit, changing trends in the regional economy and the haphazard policies of two successive weak governments that were viewed widely as condoning corruption and injecting politics into economic management.

During more than a decade and a half of sustained economic growth, through fractious politics, coups and coup attempts and a series of revolving-door governments, financial policy remained largely consistent, run mainly by a nonpolitical team of technocrats in the Finance Ministry and the central bank.

But that started to change about two years ago, when Banharn Silpa-archa was elected head of a fractured coalition government viewed as one of the most corrupt in modern Thailand's history. "I think what we've seen is a gradual politicization of the technocrats," said a prominent American banker here. Mr. Banharn would be in office less than a year.

In some ways, Thailand can be called a victim of its own success. For new graduates with degrees in economics and finance, jobs in the bureaucracy were suddenly not as attractive as positions in investment houses and banks. The best and brightest were no longer running the economy, but rather profiting from it.

Meanwhile, the financial sector was liberalized, but the banks and financial houses — flush with short-term foreign deposits taking advantage of high local interest rates — were left largely unsupervised. The banks had to do something with all that money, so they lent it "shamelessly," in the view of one Western economist, to fuel development.

Many of those loans went into traditionally productive sectors, such as textiles, petrochemicals and steel manufacturing. But loans also went to build more and more golf courses, more and more shopping centers, bigger and bigger housing complexes.

Thailand's traditional leading industries failed to reinvest in physical plant and equipment. Then, a few years ago, new regional competitors emerged in industries that Thais once dominated, such as textiles and light assembly. China, Burma, Indonesia and Vietnam suddenly began making the same garments and televisions and toys, and at lower prices.

■ IMF Says It Will Ask 3 Asian Nations to Help

The International Monetary Fund will ask three Asian nations to participate in a financial support program for Thailand, said the IMF deputy managing director, Shigemitsu Sugisaki, Bloomberg News reported from Tokyo.

He declined to specify, though, which Asian countries he will ask for the assistance and also said that the size of the IMF's contribution to pulling Thailand out of its worst economic slump in more than a decade has not been decided yet.

Labor Secretary to Ask UPS and Union to Talk

Strike Enters 2d Week as Negotiations Fail; Management Hints at Replacement Hires

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. Labor Secretary Alexis Herman said Sunday she planned to call on the heads of the United Parcel Service of America Inc. and the striking Teamsters union to return to the bargaining table, as the top UPS official said the company could be moving closer to the hiring replacement workers.

But Ms. Herman insisted there was no need for President Bill Clinton to intervene to end the strike.

"We recognize this is a serious situation," she said, adding that she thought that both sides needed to show "willingness to compromise" and "greater flexibility."

She said the threshold for presidential intervention to end the strike had not been met in this case. "We don't believe this has reached the state of what we define as a national emergency," she said.

Treasury Secretary Robert Rubin said Sunday that he did not think "that resorting to Taft-Hartley is a sensible thing to do." Under the Taft-Hartley Act, the president is empowered to end a strike and send union members back to work if a work stoppage is deemed to represent a threat to national health, or safety.

The chairman of UPS, James Kelly, on Sunday left the door open for the company to hire replacement workers. While he said the company had made no final decision on whether to hire replacements for the 185,000 striking workers, he did not rule it out.

"The last thing we want to do, the last thing I want to do, is to replace UPS workers," he said.

Ms. Herman's remarks, on the NBC news talk show Meet the Press, come one day after talks aimed at ending the crippling work stoppage at the largest U.S. parcel delivery service broke off.

The strike, now in its seventh day, is having a "devastating effect on our customers and our people," Mr. Kelly said.

Meanwhile, the U.S. Postal Service began seven-day-a-week package deliveries Sunday in some metropolitan areas to cope with added volume.

"The Postal Service is now delivering dramatically increased volumes of mail that rival those we experience during the Christmas period," Nicholas Barranca, U.S. Postal Service vice president, said.

Mark Saunders, a postal service spokesman, said the decision was left to local post offices whether to add Sunday deliveries of priority mail and parcel-post packages to make room for packages expected early in the week.

(Bloomberg, AP)

Allen R. Myerson of the New York Times reported earlier:

If ever there was a company crafted to produce labor harmony, it was United Parcel Service of America Inc. It is a company where every delivery driver has a crack at rising to chief executive, just like the current boss. Where about half the full-time union members own the company's steadily rising stock. Where the brown uniforms bestow status and salaries far higher than the competition's.

Last week, however, UPS looked as fractious as any airline or automaker struggling to keep down labor costs. Management and union members are swearing to outlast each other in the company's first national strike.

The UPS story illustrates how, in the current economy, even a company where all executives once carried Teamsters' union cards and still eat in the employee cafeteria can be torn apart.

Saying their customers would rebel at higher costs, UPS is only one of the many companies that have made the current economic expansion in America one of the stingiest, least forgiving on record.

Like so many other businesses, UPS faces potent competitors, Federal Express Corp., most of all. While UPS remained identified with boxy trucks, "FedEx" became synonymous with overnight delivery by jet. Federal Express, the clear leader in shipping by air, also has the benefit of a lower-paid work force, virtually union-free except for its pilots. UPS has the largest International Brotherhood of Teamsters' union bargaining unit, with 185,000 members, in the nation.

To compete, UPS has rapidly expanded its own overnight service.

Hiring swarms of part-time package sorters and loaders has kept costs low.

Although they are union members, they work only a few hours a night at roughly half the $20 an hour rates earned by full-time employees.

Thyssen Views Krupp Merger

Compiled by Our Staff From Dispatches

DUSSELDORF — Thyssen AG and Fried. Krupp AG Hoesch-Krupp will begin talks next month after the merger of their flat-steel units is completed that could lead to a full merger, a Thyssen spokesman, Reiner Hochscheidt, said Sunday.

Thyssen and Krupp agreed in March to form a steel joint venture after Krupp launched an unsolicited 14 billion Deutsche-mark ($7.5 billion) bid to take over all the operations of its larger rival. As part of the agreement, the two companies said they would consider possibilities for further cooperation.

Mr. Hochscheidt said there had been "initial contact" between the Thyssen chief executive, Dieter Vogel, and the Krupp chief executive, Gerhard Cromme, about new talks. Negotiations between the two companies will begin in September after the steel joint venture begins operating, he said.

"There will be talks," Mr. Hochscheidt said. "But if they will lead to wider cooperation, and if so, what kind of cooperation, remains entirely open."

While it is possible that the talks could lead to a merger, Mr. Hochscheidt could not confirm a report in Der Spiegel magazine, which cited no sources, that Thyssen will takeover Krupp if the new talks succeed.

The merger talks are at such an advanced stage that Mr. Vogel notified the Thyssen supervisory board on July 17 of the discussions, Spiegel said, according to excerpts released before publication Monday. *(Bloomberg, Reuters)*

Wal-Mart Wins a Vote, But Unions Get Closer

By Bill Dedman
New York Times Service

MERRILL, Wisconsin — Wal-Mart managers and public relations specialists converged on Merrill from the home office in Arkansas, adding a drawl to the breakfast chat at the Super 8 Motel.

The store's new co-manager showed anti-union videos to employees, known as associates. She cried as she begged the workers not to "invite a third party into the Wal-Mart family."

The hourly employees at the Merrill store put a scare into the world's biggest retailer, but by a vote of 54 to 27 Friday, they rejected a bid by the United Steelworkers of America to represent them. If the union had won, the store would have become the first where employees had invited a union into the "family." It was the closest union test ever for Wal-Mart Stores.

No one expects unions to sweep through Wal-Mart's 746,000 employees in 2,747 stores and warehouse clubs. But labor experts said Wal-Mart and other retailers should expect more battles like the one in Merrill. The AFL-CIO and other labor organizations are concentrating on retail and part-time workers. As workers lose manufacturing jobs, some get lower-paying retail jobs. But they still have union cards.

"Wal-Mart spent more fighting this than it would have cost to pay everyone in the store a living wage for the rest of their lives," said Michael Barkley, a former mill worker who started the union effort as a part-time worker at Wal-Mart.

"We have our store back," said Mary Krombholz, the customer service supervisor, who was accused by the National Labor Relations Board of destroying union literature.

In 1994, International Paper Co. closed its mill here, forcing Mr. Barkley and 150 others out of jobs. He had been the local president of the United Paperworkers International Union, and he became a counselor for a federally financed AFL-CIO program helping displaced manufacturing workers find jobs. Those jobs are usually in the service industries, nearly always at lower pay.

Although it has never lost an election, Wal-Mart does have one union to contend with. The employees in Windsor, Ontario, voted 151 to 43 against joining the Steelworkers, but the Ontario Labor Relations Board voided the election, and a court agreed, ruling that Wal-Mart had intimidated workers. The first contract is being negotiated.

CURRENCY RATES

Aug. 8

Cross Rates

	$	£	DM	FF	Lira	Dfl	BF	SF	Yen	C$	Peseta
Amsterdam	2.086	3.295	1.1368	0.3363	0.7155*	—	5.456*	1.3979	1.7945*	1.5886	1.235*
Brussels	38.78	60.4075	20.65	6.12	2.7179*	18.3226	—	25.34	0.3278	27.86	24.51*
Frankfurt	1.8455	2.932	—	0.2965	0.1316*	0.8875	4.8425*	1.222	1.5865*	1.343	1.1857*
London (c)	1.5784	—	2.9249	9.4588	2.852.72	3.3958	60.4212	2.3848	182.905	2.196	246.838
Madrid	157.01	247.487	84.382	25.826	8.665*	74.897	4.0863	103.316	133.688*	112.941	—
Milan	1,821.70	2,861.10	975.58	289.39	—	866.60	47.21	1,193.60	15.474	1,372.05	11.571
New York (b)	—	1.5825*	1.8455	0.4763	1.801.09	2.0972	38.17	1.5897	114.825	1.3993	156.595
Paris	6.274	9.886	3.3719	—	0.3455*	2.9936	0.1433	4.1222	0.3387*	4.573	3.9565*
Tokyo	118.65	188.55	63.34	18.78	6.65	56.93	3.0683	77.40	—	85.53	0.751*
Toronto	1.39	2.2045	0.7527	0.2203	0.077*	0.6685	0.3642*	0.9007	1.7182*	—	0.0892*
Zurich	1.5595	2.376	0.8143	0.2407	0.0826*	0.722	3.9589*	—	1.3078*	1.0807	0.9614*
1 ECU	1.0602	0.6729	1.9728	6.6518	1.928.58	2.2727	40.3288	1.6137	124.597	1.4739	166.433
1 SDR	1.3467	0.8575	2.5122	N.Q.	2,446.84	2.8933	52.1464	2.056	159.337	N.Q.	211.48

Closings in Amsterdam, London, Milan, Paris and Zurich; fixings in other centers; New York rates at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar. *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek dmc.	291.91	Mex. peso	7.805	S. Afr. rand	4.688
Australian $	1.3708	Hong Kong $	7.7414	N. Zealand $	1.5726	S. Kor. won	894.30
Austrian sch.	13.125	Hung. forint	200.36	Norw. krone	7.636	Swed. krona	8.002
Brazil real	1.0851	Indian rupee	35.72	Phil. peso	228.30	Taiwan $	28.74
Chinese yuan	8.3203	Indo. rupiah	2590.00	Polish zloty	3.51	Thai baht	30.90
Czech koruna	34.73	Irish £	0.6994	Port. escudo	168.74	Turkish lira	162730.
Danish krone	7.0875	Israeli shek.	3.5305	Russ ruble	5806.00	UAE dirham	3.6705
Egypt. pound	3.3938	Kuw dinar	0.305	Saudi riyal	3.75	Venez. bolfv.	494.50
Fin. markka	5.5744	Malay. ring.	2.654	Sing. $	1.4778		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5720	1.5683	1.5666	Japanese yen	117.05	116.52	116.04
Canadian dollar	1.3863	1.3839	1.3819	Swiss franc	1.5209	1.5154	1.5104
Deutsche mark	1.8609	1.8569	1.8533				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Reuters.

Way to Promote E-Mail Ads: Pay Those Who Read Them

By Paul Floren
International Herald Tribune

Few Internet users like junk mail. Unwanted advertisements that arrive by e-mail or are posted on bulletin boards have generated protests to Internet service providers, and recently, on-line guerrillas removed or blocked about 80,000 postings by customers of UUNet Technologies Inc. because they felt the company had been too lax in controlling ads.

But what would happen if advertisers paid people to read their materials? CyberGold Inc. of Berkeley, California, is offering cash rewards to people who do.

"The fundamental premise of our company is that attention is a valuable commodity," said Nat Goldhaber, the chief executive officer. "CyberGold allows marketers and advertisers to pay customers directly for their time and active attention."

Launched in April, rewards are paid in CyberGold, which unlike other Internet incentives is "real money" that can be transferred to a member's checking account, donated to nonprofit organizations or spent on-line through the CyberCoin service provided by another company, CyberCash, which is not related to CyberGold.

The service currently is available in North America and is due to be offered in Japan once legal issues are resolved. European users probably will have to wait about a year, Mr. Goldhaber said.

Many CyberGold advertisers are offering rewards that range from 50 cents to $1, though several offer rewards as high as $5.

The rewards are given for such activities as visiting Web sites, taking surveys, filling out application and registration forms, downloading software and making purchases.

Each time a reward is earned, CyberGold gets a commission, usually on the order of 50 cents.

As the service develops, clients are using CyberGold for more than just product announcements and sales. AT&T Corp.'s World Net not only pays browsers to read its pages but also offers them a CyberGold incentive to change providers.

Random House and Readers Digest have developed similar programs.

CyberGold says its service is cost-effective for advertisers. It would cost them about $25 per 1,000 impressions to place a banner on a Web site. Of those 1,000 readers, perhaps 1 percent, or 10, would click on the banner and jump to the advertiser's site.

CyberGold says its cash-bonus system brings that "click-through" rate up to about 5 percent.

It works like this: On any given page, a banner ad might appear; in that ad, an icon informs the user of a CyberGold payment opportunity. Users who click on the ads are taken to a site and asked to read material and are often asked to provide information or take a quiz to prove they have seen the material.

CyberGold administers payments and reports to advertisers.

At the end of the transaction, the readers are returned to the pages where they saw the original ads.

On Time Warner's Pathfinder Network, a Web site that offers on-line versions of Time, People, Money, Fortune, Sports Illustrated, Life and Entertainment Weekly magazines, CyberGold ran three banners advertising the same product. One had no incentive, one offered $1, and the third, $5.

The results: The $5 banner had the highest response rate, 11 percent; the $1 ad lured about half as many, and the nonpaying ad offered lured just 0.9 percent of viewers.

Another customer, Portrait Displays Inc., uses CyberGold's services to advertise pivot monitors. When you access the CyberGold page linked to Portrait Display's page, it leads you through a game of memory that presents the various features of the products. Once finished, the viewer earns 50 cents.

Peter Sealey, former head of global marketing at Coca-Cola Co. and now a professor at the University of California at Berkeley's Haas School of Business, said, "Advertisers using CyberGold can engage in two-way communication that takes full advantage of the new digital media to build relationships, sales and customer loyalty."

Joan-Carol Brigham, an analyst with International Data Corp., seemed skeptical about the overall effectiveness of the advertisements. Mr. Goldhaber responded that "there still needs to be some creativity in the presentation of the message."

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CYBERSCAPE

CAPITAL MARKETS ON MONDAY

Fed Action Haunts Investors in Bonds

Bloomberg News

NEW YORK — Bond investors are having a change of heart about the prospects for another interest-rate increase by the Federal Reserve Board this year.

Just over a week ago, only a few die-hard bears were still betting the Fed would move again before the year was out. Since then, stronger-than-expected employment and manufacturing reports have changed the outlook, some investors and analysts say.

"People who said the Fed is out of the picture are coming back to the expectation that it's back in," said John Burgess, a fund manager at Bankers Trust Global Investment Management. "It seems the growth numbers are going to be big."

Last week, the yields on the benchmark 30-year U.S. bond climbed to 6.64 percent on Friday from 6.46 percent a week earlier, snapping a two-month rally that had driven yields to 17-month lows.

Judging by futures on Eurodollars, or dollars on deposit outside the United

U.S. CREDIT MARKETS

States, investors now see a good chance the Fed will be compelled to raise bank-lending rates by year-end to slow the economy and curb inflation.

The implied rate on the December contract for three-month Eurodollar deposits was recently at 6.02 percent. That was 30 basis points higher than the 5.72 percent rate for three-month borrowing, and a sign most investors expected a quarter-point Fed rate increase by the time the contract expired in December.

The Fed raised bank lending rates by a quarter point to 5.50 percent in March. Fed policymakers left rates unchanged at meetings in May and July. They next meet Aug. 19.

While few investors expect the Fed to act this month, some foresee a move as early as September if the economy rebounds from a second-quarter slowdown.

"Investors are going to be scared again by the growth of the third and fourth quarter," said Scott Colbert, a fund manager at Commerce Bank Investment Management Group in St. Louis, Missouri. That could drive yields on 30-year bonds to 6.75 percent in the months ahead, he said.

Setback Poses Uneasy Questions

Analysts Ask: Was Last Week's Reversal a Mere Correction?

By Carl Gewirtz
International Herald Tribune

PARIS — Was it a simply an overdue correction, or was the setback in bond markets last week the start of something more sinister?

Apart from Japan, markets worldwide were hit by profit-taking and what appeared to be a widespread unwinding of positions on budding fears that the long-delayed synchronized recovery in the industrialized world may be just around the corner — and with it, higher interest rates.

The dollar's sudden, sharp retreat last week appeared to eliminate the prospect of an imminent increase in short-term German interest rates to defend the Deutsche mark. But the Bundesbank's having hinted at such a step focused attention on the likelihood that the next move in Europe will be upward and that it may not be so far away.

"There have been lots of false calls for the start of a bear market in bonds," George Magnus at UBS in London said, "but on a three-month view, I'd say we are past the lull in Europe. Ireland, the Netherlands, Spain and Denmark are already at the point where they would all welcome an increase in interest rates — it's only in France and to a lesser extent in Germany that growth is still soggy."

In New York, Steve Blitz at Offit Associates said that the U.S. market had gone "too far, too fast" when the yield on the benchmark 30-year Treasury bond fell to 6.3 percent at the end of last month.

"Without new data confirming moderate growth without inflation," he said, "yields were at a level where they couldn't push lower and so had only one way to go — up."

Important data will be released this week on U.S. wholesale and retail prices, but the significant figure will be Wednesday's retail sales for July, which will signal how rapidly consumer demand is rising in America.

In expecting more rapid growth in the third quarter than the 2.2 percent annual rate in the second quarter, Mr. Blitz is in the mainstream. But he said: "Don't underestimate the impact of a neutral monetary policy, a budget surplus after excluding debt-service payments and a strong dollar. All these work in the same direction of capping domestic growth."

John Lonski at Moody's Investors Service Inc. was less sanguine. "A third-quarter revitalization of U.S. economic activity is nearly impossible to refute," he said.

"Report after report signals faster growth and the return of discernible inflation risks. In the weeks ahead, bond yields are more likely to move higher than lower. The biggest uncertainty regards the extent to which yields may have to climb to restrain inflation."

The mood is also somber in Europe, where the yield on the benchmark 10-year German government bond has failed repeatedly to sustain a drop below the historic low of 5.5 percent.

Analysts cautioned that last week's news of a postwar high in German unemployment was misleading, as the weakness was concentrated in Eastern Germany, while unemployment in the West fell.

Riccardo Barbieri at Morgan Stanley said that "stronger and converging growth is the overriding message from the latest data, and it is likely to be reinforced by strong real second-quarter growth estimates to be released in a few weeks in Germany, France and Italy."

And a Salomon Brothers analyst, Kim Schoenholtz, said, "the five-year period of falling German interest rates is nearly over."

Stock-Split Fever Is Promoting a Beeper Alert

By David Barboza
New York Times Service

NEW YORK — Carl Czerepak was in a barber shop in June, getting a haircut and a shave when his beeper went off. The barber's phone did not work, so Mr. Czerepak rushed out to his car, not on the news of a birth or an emergency at home but on a flash bulletin from Wall Street: Caterpillar Inc. had just announced a 2-for-1 stock split.

"I ran out with a bib on, got my cellular phone and called my broker," said Mr. Czerepak, a law-enforcement officer. "I knew Caterpillar was a blue-chip stock, so I didn't hesitate to buy."

Like scores of other investors who hope to reap the rewards of the raging bull market, Mr. Czerepak has been swept up by stock-split fever, the bet that once a company splits its stock, the shares will soar.

Some studies have found that share prices do tend to rise on news of a stock split, though there is no clear reason they should: all a split does is take, for example, one share worth $100 and turn it into two shares worth $50 each.

Some analysts suggest that cheaper stocks are more attractive to amateur investors, who drive the prices up.

Others say a split is a sign that the management of a company is confident about its future.

Investors who have picked up on such logic from seminars, investing guides and Internet newsletters are rushing to capitalize on it.

The boom has created its own mini-industry of advisers and seminars as well as paging services such as the one Mr. Czerepak uses. It has also contributed to a surge in trading volume at securities exchanges around the country.

But the frenzy worries some Wall Street observers, who say that stock splits are simply a meaningless division of the stock pie into smaller pieces. They fret that amateur investors are getting swept up in a speculative bubble that is bound to burst, leaving them with big losses.

"It's a sign of the times," said James Grant, editor of Grant's Interest Rate Observer. "This is a market in which pretext follows speculation, and the new pretext for speculators is that there are two shares in place of one, and that more is better than less, even though a stock split has no financial value."

Adding to critics' concerns is the way many investors are playing the stock-split game — by using call options. These options are contracts that give investors the right to buy a stock at a particular price, within a set period. They are relatively inexpensive, compared with equities, and far more volatile. While a successful options trade can bring an investor big profits, many options become utterly worthless.

"Of course, it is a fact that this strategy will not work forever," Bernard Schaeffer, president of the Investment Research Institute, wrote recently in a bulletin to his customers. He added that it was likely to end "very, very badly for the latecomers to the game."

Trading in equity options set a record in July, according to the Options Industry Council, and some of it, at least, is attributable to speculation on stock splits.

For instance, Caterpillar announced June 11 that it would split its stock a month later. Before the announcement, trading volume in Caterpillar options on the American Stock Exchange had averaged 927 contracts a day. But on the day of the announcement, volume hit 7,693 contracts — an eightfold rise.

"It's our feeling that it's happening because there are people out there with pagers," said Joseph Stefanelli, who oversees options trading at the American Stock Exchange. "They get a call that says, 'There's been a stock split. Buy Amalgamated Garbage Pails.'"

In recent months, the number of investor paging services has proliferated. Among the best known are Splitalert, Splitxpress and the IQ Pager. The services can cost up to $1,500 a year. There is also an Internet site called the Right Line Split Report (http://www.rightline.net), which is "devoted to the short-term dramatic investment profitability of companies who have declared stock splits."

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Aug. 8. Prices supplied by Telekurs.

Argentine Peso

Rnk	Name	Cpn	Maturity	Price	Yield
223	Argentina	8 [illegible]	07/10/02	99.5099	8.7900

Australian Dollar

Rnk	Name	Cpn	Maturity	Price	Yield
165	Australia gov	6¾	11/15/06	104.1400	6.4800
244	Sweden Serie 1	4.7200	12/27/98	99.5162	4.7400

Austrian Schilling

Rnk	Name	Cpn	Maturity	Price	Yield
191	Austria	5⅝	07/15/07	99.1500	5.6700
248	Austria	4⅝	05/23/02	99.2500	4.6600

Belgian Franc

Rnk	Name	Cpn	Maturity	Price	Yield
173	Belgium	9	03/28/03	119.0200	7.5600
216	Belgium Tbills	zero	10/30/97	98.5836	6.3200
235	Belgium	8¾	06/25/02	116.5900	7.5000

British Pound

Rnk	Name	Cpn	Maturity	Price	Yield
119	BNG	7¾	08/06/07	100.2500	7.3600
150	Abbey National	6	08/10/99	97.6250	6.1500
156	Equitable Life	8	12/31/99	99.7500	8.0200
222	Federal Home	6⅞	06/07/02	98.8750	6.9500
236	Britain	7	11/06/01	100.0310	7.0000
239	The Money St	zero	08/16/27	100.0834	0.0000

Canadian Dollar

Rnk	Name	Cpn	Maturity	Price	Yield
139	Canada	7¼	06/01/07	109.6500	6.6100
181	Canadagovt	5½	09/01/02	100.2840	5.4800
201	Canada Tbill	zero	10/30/97	99.2520	3.2800

Danish Krone

Rnk	Name	Cpn	Maturity	Price	Yield
6	Denmark	8	03/15/06	112.6400	7.1000
12	Denmark	7	11/15/07	105.4800	6.6400
20	Denmark	8	05/15/03	112½	7.1100
23	Denmark	7	11/10/24	100.0500	7.0000
27	Denmark	9	11/15/98	105.6500	8.5200
28	Denmark	9	11/15/00	112.3600	8.0100
32	Denmark	7	12/15/04	106.9000	6.5500
33	Denmark	8	11/15/01	111.1900	7.1900
38	Denmark	6	11/15/02	103.4000	5.8000
53	Denmark	6	12/10/99	103.1000	5.8200
71	Denmark	6	02/15/99	102.5400	5.8500
128	Nykredit 3 Cs	6	10/01/26	91.7000	6.5400
142	Nykredit	7	10/01/29	96.0000	7.2900
149	Denmark	7	02/15/98	101.5000	6.9000
224	Denmark	5	08/15/05	96.2500	5.1900
237	Real Kredit	6	10/01/26	91.7500	6.5400

Deutsche Mark

Rnk	Name	Cpn	Maturity	Price	Yield
1	Germany	6	07/04/07	100.9732	5.9400
2	Bundesobligation	4½	02/22/02	99.4362	4.5300
4	Germany	6	01/04/07	103.3500	5.8100
7	Germany	6¼	04/26/06	104.2550	5.9900
8	Germany	8	01/21/02	112.5200	7.1100
9	Germany	6½	07/04/27	101.0767	6.4300
10	Germany 94	6¼	01/04/24	98.6644	6.3300
11	Germany	8	07/22/02	113.5244	7.0500
13	Germany	6½	10/14/05	106.2367	6.1200
14	Germany	6⅞	05/12/05	108.7467	6.3200
15	Germany	4¾	11/20/01	100.5140	4.7300
16	Germany	5	08/20/01	102.2233	4.8900
17	Germany	3½	06/18/99	99.8580	3.5000
21	Federal Tsy	3¾	03/19/99	100.0100	3.7500
24	Treuhand	7½	09/09/04	112.5400	6.6600
25	Germany	7⅜	01/03/05	111.8400	6.5900
30	Germany	6	01/05/06	102.8200	5.8400
31	Treuhand	7⅜	12/02/02	111.0800	6.6400
34	Treuhand	7⅛	01/29/03	109.9467	6.4800
35	Treuhand	6⅝	07/09/03	107.5850	6.1600
36	Germany	8¾	08/20/01	111.0734	7.8800
39	Germany	8¼	09/20/01	113.2433	7.2900
40	Germany	5⅝	05/15/00	104.3500	5.6300
41	Germany	5¾	08/22/00	98.4936	5.8400
43	Germany	9	10/20/00	111.4005	8.0800
44	Germany	6½	07/15/03	106.9600	6.0800
46	Germany	8⅞	12/20/00	113.5900	7.8100
47	Treuhand	6½	04/23/03	106.9467	6.0800
48	Germany	8½	02/20/01	112.8000	7.5400
49	Germany	5	05/21/01	101.7733	4.9100
52	Germany	6	02/16/06	102.7700	5.8400
54	Treuhand	6¾	05/13/04	108.1620	6.2400
56	Germany Tbills	zero	01/16/98	98.6535	3.0800
57	Treuhand	7¾	10/01/02	110.5656	7.0100
58	Germany	8⅜	05/21/01	111.0299	7.5400
60	Germany	zero	07/04/27	13.9500	6.8000
61	Germany	6	02/20/98	101.3800	5.9200
63	Treuhand	6⅝	06/11/03	109.1231	6.3000
66	Germany	6¾	04/22/03	108.2500	6.2400
68	Treuhand	6⅛	07/01/99	104.5400	6.1000
70	Germany	7⅛	12/20/02	110.7104	6.4400
72	Germany	5⅛	11/21/00	102.3100	5.0100
74	Germany	7	12/22/97	101.3400	6.9100
75	Germany	6	06/20/16	97.5186	6.1500
76	Germany	6⅝	01/20/98	101.4500	6.5300
81	Germany	3½	12/18/98	99.8200	3.5100
82	Treuhand	6⅛	03/26/98	101.7200	6.0200
83	Germany	6¾	09/15/99	105.7600	6.3800
84	Germany	8½	08/21/00	111.4933	7.6100
88	Germany	5¼	02/21/01	102.5300	5.1200
92	Treuhand	5	12/17/98	101.7300	4.9100
93	Hy bk In Essen	zero	08/04/99	100.0000	0.0000
98	Treuhand	6¼	03/04/04	105.6300	5.9200
99	Germany	6¾	07/15/04	108.3750	6.2300
100	Germany	6	09/15/03	104.7500	5.7300
101	Germany	9	01/22/01	114.2300	7.8800
102	Germany	7¼	10/21/02	110.4225	6.5700
106	Germany	8¾	07/20/00	112.1600	7.8000
112	Germany	3½	09/18/98	99.9500	3.5000
113	Treuhand	6	11/12/03	104.7115	5.7300
115	Germany	6⅜	05/20/98	102.3000	6.2300
120	Germany	6⅛	05/20/99	103.9200	5.8900
123	Germany	5⅜	02/22/99	102.4300	5.2500
126	Germany	6⅞	12/02/98	104.0525	6.6100
127	Germany	5¾	08/20/98	102.2400	5.6200
129	Treuhand	5¾	04/29/99	103.2000	5.5700
131	Germany	7	01/13/00	106.7175	6.5600
132	Germany	7½	11/11/04	112.5850	6.6600
135	Germany	7	09/20/99	106.1233	6.6000
140	Germany	5¼	10/20/98	101.9500	5.1500
145	Treuhand	6¼	07/29/99	102.3338	6.1100
147	Germany	6½	03/15/00	104.2103	6.2400
155	Germany	6½	01/02/99	103.7500	6.2700
161	Germany	8¾	05/22/00	111.6408	7.8400
162	Germany	6⅞	02/24/99	104.5800	6.5700
163	Italy	5¾	07/10/07	99.3500	5.7900
170	Germany	zero	01/04/24	17.70	6.7700
176	Germany FRN	2.9500	04/06/00	99.7800	2.9600
192	World Bank	7⅛	04/12/05	110	6.4800
198	Treuhand	7	11/25/99	106.4850	6.5700
199	Germany FRN	2.8707	09/30/04	99.2100	2.8900
202	Treuhand	5	01/14/99	101.8000	4.9100
203	Germany	7¼	01/20/00	107.2600	6.7600
215	Cap Credit Card	5⅝	08/15/01	100.5216	5.6000
221	Germany Tbills	zero	10/17/97	99.4717	2.7200
229	Credit Local	5.1500	12/04/00	99.0812	5.2000
234	Germany	6⅜	01/20/98	101.3500	6.2900
240	Germany	6¾	06/21/99	105.1500	6.4200
241	Germany	7⅛	12/20/99	106.8850	6.6700
246	Volkswagen	4.8500	02/28/01	98.1732	4.9400

Dutch Guilder

Rnk	Name	Cpn	Maturity	Price	Yield
42	Netherlands	6¼	07/15/98	102.2300	6.1100
55	Netherlands	5¾	02/15/07	100.9400	5.7000
64	Netherlands	7½	06/15/99	106.2100	7.0600
77	Netherlands	9	01/15/01	114	7.8900
79	Netherlands	7½	01/15/23	114.6000	6.5400
80	Netherlands SP	zero	01/15/23	18½	6.8500
86	Netherlands	5¾	09/15/02	103.8000	5.5400
90	Netherlands	5⅝	01/15/04	103.0500	5.5800
91	Netherlands	6	01/15/06	103.3000	5.8100
104	Netherlands	8½	06/01/06	120.3000	7.0700
108	Netherlands	8¼	02/15/00	109.4500	7.5400
111	Netherlands	8½	03/15/01	112.8500	7.5300
121	Netherlands	8¼	06/15/02	114.5500	7.2000
138	Netherlands	6¾	11/15/05	108.2500	6.2400
143	Netherlands	6¾	02/15/99	104.1000	6.4800
144	Netherlands	7¼	10/01/04	111.45	6.5100
158	Netherlands	8¾	05/01/00	111¼	7.8700
164	Netherlands	7¾	03/01/05	114.5500	6.7700
172	Netherlands	7½	04/15/10	114¼	6.5400
175	Netherlands	8¾	09/15/01	115	7.6100
188	Netherlands	7	06/15/05	109.9000	6.3700
209	Netherlands	7½	11/15/99	107.2500	6.9900
217	Netherlands	7	02/15/03	109.6000	6.3900
219	Netherlands	6½	07/15/98	102.4700	6.3400
247	Netherlands	9	05/15/00	112.1000	8.0300

ECU

Rnk	Name	Cpn	Maturity	Price	Yield
45	Spain	6	01/31/08	98.7500	6.0800
118	Britain	4	01/28/00	98.2750	4.0700
152	France OAT	5½	04/25/07	96.0000	5.7300
159	France OAT	6	04/25/04	102.1600	5.8700
178	France B.T.A.N.	6	03/16/01	103.3750	5.8000
193	France BTAN	5	03/16/99	100.7267	4.9600
200	France OAT	8½	03/15/02	112.6200	7.5500
205	France OAT	7	04/25/06	107.5000	6.5100
207	Britain	9⅛	02/21/01	113.5500	8.0400
220	France OAT	7½	04/25/05	111.3500	6.7400
227	France B.T.A.N.	4½	07/12/02	97.1250	4.6300
232	Britain T-bills	zero	08/14/97	99.3481	34.7700

Finnish Markka

Rnk	Name	Cpn	Maturity	Price	Yield
195	Finland	9½	03/15/04	121.5599	7.8200
212	Finland sr 1999	11	01/15/99	109.8340	10.0200

French Franc

Rnk	Name	Cpn	Maturity	Price	Yield
137	France B.T.F.	zero	10/30/97	98.6287	6.1100
157	France OAT	7¾	10/25/05	115.4400	6.7100

Irish Punt

Rnk	Name	Cpn	Maturity	Price	Yield
245	Ireland	8	08/18/06	110.7460	7.2200

Italian Lira

Rnk	Name	Cpn	Maturity	Price	Yield
177	Italy	6¾	02/01/07	101.4700	6.6500
186	Italy	6¼	03/01/02	100.2600	6.2300

Japanese Yen

Rnk	Name	Cpn	Maturity	Price	Yield
117	NTT	2½	07/25/07	100.7500	2.4800
169	Alp Cayman	zero	07/31/00	99.8023	0.0000
194	Italy Class B	5	12/15/04	118⅞	4.2100
206	World Bank	4½	06/20/00	109.8398	4.1000
210	World Bank	4½	03/20/03	115.9429	3.8800
225	Japan Dev Bk	6½	09/20/01	120.3750	5.4000
242	Fannie Mae	2	12/20/99	102.3750	1.9500
243	Exim Bk Japan	2⅞	07/28/05	105.3750	2.7300

Spanish Peseta

Rnk	Name	Cpn	Maturity	Price	Yield
218	Spain	7.9000	02/28/02	108.8680	7.2600

Swedish Krona

Rnk	Name	Cpn	Maturity	Price	Yield
105	Sweden 1036	10¼	05/05/00	112.2050	9.1400
116	Sweden	11	01/21/99	108.3190	10.1600
184	Sweden	6	02/09/05	98.2630	6.1100
204	Sweden 1037	8	08/15/07	110.7920	7.2200
213	Sweden	5½	04/12/02	98.7690	5.5700

U.S. Dollar

Rnk	Name	Cpn	Maturity	Price	Yield
3	Brazil Cap S.L	4½	04/15/14	94.2745	4.7700
5	Argentina par L	5¼	03/31/23	74.7500	7.3600
18	Argentina FRN	6¾	03/29/05	92.1744	7.3200
19	Mexico	11½	05/15/26	122.5802	9.3800
22	Brazil	10⅛	05/15/27	100.8404	10.0400
26	Brazil L FRN	6⅞	04/15/06	88.4636	7.7700
29	Argentina	11⅜	01/30/17	118.6200	9.5900
37	Venezuela FRN	6¾	12/18/07	93.6900	7.2000
50	Brazil par ZI	5¼	04/15/24	69.9774	7.5000
51	Venezuela par A	6¾	03/31/20	83.2188	8.1100
59	The Russ	10	06/26/07	104.4894	9.5700
62	Brazil S.L FRN	6 5/16	04/15/12	84.4735	8.2100
65	Argentina FRN	6⅞	03/31/23	90.9688	7.5600
67	Mexico	9⅞	01/15/07	108.4053	9.1100
69	Brazil FRN	6 9/16	01/01/01	77.8168	8.7500
73	Argentina	8⅜	12/20/03	102.1002	8.2000
78	Brazil S.ZI FRN	6⅞	04/15/24	87.1250	7.8900
85	Mexico par A	6¼	12/31/19	82.1563	7.6100
87	Argentina FRN	5.7109	04/01/01	129.6000	4.4100
89	Mexico par B	6¼	12/31/19	82.1563	7.6100
94	Bulgaria FRN	6 11/16	07/28/11	79.7849	8.3800
95	Kellogg	6⅛	08/06/01	99.9621	6.1300
96	Venezuela par B	6¾	03/31/20	83.3125	8.1000
97	Ecuador par	3½	02/28/25	54.2500	6.4500
103	Ecuador FRN	3¼	02/28/15	72.9081	4.4600
107	Toyota Motor	6¼	07/22/02	99.9114	6.2600
109	Bulgaria FRN	6 11/16	07/28/24	81.1843	8.2400
110	Commerzbk Os	5.5938	01/29/01	99.5800	5.6200
114	Brazil Cbond S.L	4½	04/15/14	95.2211	4.7300
122	Mexico D FRN	6 9/16	12/28/19	95.7197	7.1200
124	Mexico	11⅜	09/15/16	119¼	9.5400
125	Telefonica E	2	07/15/02	100.5193	1.9900
130	Mexico A FRN	6.8672	12/31/19	95.6563	7.1800
133	Hutch Wham	6.9500	08/01/07	99.3750	6.9900
134	N Australia Bk	6⅛	12/23/98	100.0000	6.1300
136	Canada	6⅛	07/15/02	99.7500	6.1400
141	Brazil S.L FRN	6 5/16	04/15/09	88.9975	7.8000
146	Christiana Bank	5¾	07/18/00	99.7800	5.7600
148	Italy	6⅞	09/27/23	98.1891	7.0000
151	Argentina	8¾	05/09/02	101.7250	8.6000
153	Bco Com Ext.	7¼	02/02/04	94.8750	7.6400
154	Bulgaria	2¼	07/28/12	61.5625	3.6500
160	Mexico FRN	7.0546	06/27/02	100.1300	7.0400
166	British Gas	zero	11/04/21	17½	7.4500
167	Argentina	11	10/09/06	115.5974	9.5200
168	Peru Pdi	4	03/07/17	65.7500	6.0800
171	ADB	6¾	06/11/07	102.2500	6.6000
174	Bayerische LB	6⅝	06/25/07	100.6250	6.5800
179	Danish Industry	6¾	06/13/01	101.0000	6.6800
180	Russia	9¼	11/27/01	102.9071	8.9900
182	Peru Front	3¼	03/07/17	60.4375	5.3800
183	Ibm Intl Fin	6¾	08/01/01	100.3867	6.3500
185	Ecuador FRN	6⅞	02/28/25	79.1900	8.1300
187	Mexico B FRN	6.8359	12/31/19	95.5650	6.8400
189	EIB	zero	11/06/26	14.4700	6.8300
190	Poland FRN	6 15/16	10/27/24	98.1563	7.0700
196	Aesop Funding	6.4000	10/20/01	99.1761	6.4500
197	Aesop Funding	6.2200	10/20/01	98.4719	6.3200
208	Brazil	8⅞	11/05/01	104.1250	8.5200
211	IADB	6⅝	06/27/02	100.2000	6.3600
214	Korea DevBank	5.9688	06/30/02	97.8398	6.1000
226	Canada	6¾	08/28/06	102.2949	6.6000
228	Mexico C FRN	6.8203	12/31/19	95.7644	7.1200
230	Credit Suisse	6⅜	08/01/01	100.0000	6.3700
231	Argentina	9¼	02/23/01	105.4653	8.7700
233	Brazil S.L FRN	6 5/16	04/15/12	84.5146	8.2100
238	Poland Inter	4	10/27/14	86.4845	4.6300
249	Lai Sun Intl Fin	4	08/04/02	100.8889	3.9600
250	EIB	7⅛	09/18/06	104.7500	6.8000

New International Bond Issues

Compiled by Paul Floren

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Sanwa Business Credit Corp.	$200	2002	0.20	99.78	—	Over 3-month Libor. Noncallable. Fees 0.175%. Denominations $100,000. (Sanwa Bank.)
Comerica Bank	DM200	2002	0.0625	100.06	—	Over 3-month Libor. Noncallable. Fees 0.20%. Denominations 100,000 marks. (Lehman Brothers.)
BT Securities	£125	1999	libor	99.95	—	Interest is 3-month Libor. Noncallable. Fees 0.10%. Denominations $100,000. (Swiss Bank Corp.)
Salomon	£125	2002	⅛	99.66	—	Over 3-month Libor. Noncallable. Fees 0.30%. Denominatins £10,000. (Salomon Brothers.)
Welcome Break Finance	£85	2011	2	100	—	Over 3-month Libor. Noncallable. Fees not disclosed. Issued along with £42 million bond at 0.65 over 3-month Libor. (Bankers Trust Intl.)
Fixed-Coupons						
Aegon	$200	2000	6¼	101.031	99.83	Reoffered at 99.856. Noncallable. Fees not disclosed. (ABN AMRO Hoare Govett.)
Banco de Galicia	$100	2002	7⅞	98.77	—	Noncallable. Fees 0.375%. (Swiss Bank Corp.)
Coca-Cola Amatil	$200	2003	6½	101.449	99.40	Reoffered at 99.899. Noncallable. Fees 1 [illegible]%. (Morgan Stanley.)
General Electric Capital Corp.	$300	2004	6¼	101.075	—	Reoffered at 99.50. Noncallable. Fees 1 [illegible]%. (ABN AMRO Hoare Govett.)
Inter-American Development Bank	$200	2000	6	100.8975	99.58	Reoffered at 99.71. Noncallable. Fees 1 [illegible]%. (Swiss Bank Corp. Warburg.)
Merrill Lynch	$300	2001	6½	101.31	99.80	Reoffered at 99.935. Noncallable. Fees 1 [illegible]%. (Merrill Lynch Intl.)
Rabobank	$100	2000	7⅛	99.56	—	Noncallable. Fees 0.40%. Denominations $500,000. (ABN AMRO Hoare Govett.)
Swedish Export Credit	$130	2001	5.64	100	—	Noncallable. Fees 1.20%. Denominations $10,000. (New Japan Securities Europe.)
Unibanco	$250	2000	7¾	99.972	—	Noncallable. Fees 0.45%. (Morgan Stanley.)
Thorn Finance	£100	2007	8	99.23	—	Noncallable. Fees 0.375%. (HSBC Markets.)
Welcome Break Finance	£127	2015	7.95	100	—	Payable quarterly. Noncallable. Fees not disclosed. Issued along with £67 million bond with coupon of 8.284%. (Bankers Trust Intl.)
Bayerische Hypotheken und Wechsel Bank	FF2,000	2009	5⅞	99.684	99.40	Noncallable. Fees 0.40%. (Credit Agricole Indosuez.)
Landwirtschaftliche Rentenbank	*FF500*	*2007*	*4.285*	101.675	—	Coupon will be 4.285% until 2002, thereafter interest will be TEC-10. Noncallable. Fees not disclosed. (Banque National de Paris.)
L-Bank. State Development Agency of Baden-Wuerttemberg	ITL300,000	2002	6¼	101.6287	99.82	Noncallable. Fees 1 [illegible]%. (Banque Nationale de Paris.)
European Investment Bank	ITL200,000	2002	6.20	102.202	5.50	Noncallable. Fungible with outstanding issue raising total to 1.1 trillion lire. Fees [illegible]%. (Morgan Stanley.)
Deutsche Australia	NZ$300	2000	7¼	100.695	99.10	Noncallable. Fees 1 [illegible]%. (Deutsche Morgan Grenfell.)
World Bank	NZ$600	2007	zero	51.40	—	Yield 6.882. Noncallable. Fees 0.25%. (Toronto Dominican Securities.)
Development Bank of the Philippines	Y20,000	2003	3.15	99.84	—	Noncallable. Fees 0.90%. Denominations 1 million yen. (Daiwa Securities.)

The Week Ahead: World Economic Calendar, Aug. 11-15

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Jakarta:** Indonesian Capital Market holds Anniversary Conference and Investors Forum, Thursday and Friday. **Manila:** IBC Asia Ltd. holds a seminar on "High Impact Retail Banking Delivery Channel Strategy." Thursday and Friday.	**Brussels:** European Union agencies begin summer recess. Sessions resume Sept. 3. **Madrid:** July M4 money supply expected to be released by the Bank of Spain. **Earnings expected:** Roche Holding AG.	**Chicago:** National Hardware and Building Products Exposition. Until Wednesday. **Missoula, Montana:** Inter-American Development Bank holds a briefing on business opportunities, Thursday and Friday.
Monday Aug. 11	**Tokyo:** International Monetary Fund and Asian officials to discuss IMF rescue package for Thailand; Japan Automobile Dealers Association releases used-car sales for June. **Earnings expected:** Toa Wool Spinning & Weaving Co.	**London:** Producer price index output and input data for July. **Oslo:** July consumer price figures. **Vienna:** June current-account report. **Stockholm:** Monthly forecast for state-borrowing requirements. **Earnings expected:** Incentive AB.	**Sao Paulo:** Coffee exporters' July report; automakers release July sales and production data. **Warm Springs, Virginia:** U.S. District Court holds hearing on Food and Drug Administration regulation of tobacco.
Tuesday Aug. 12	**Hong Kong:** Statistics on trade involving outward processing in China for the first quarter. **Manila:** Ayala Corp. holds a special stockholders meeting. **Tokyo:** Bank of Japan releases figures on bank lending in July.	**London:** Retail price index for July. **Paris:** Provisional July consumer price index. **Earnings expected:** Skandinaviska Enskilda Banken AB, Henkel AG.	**New York:** LJR Redbook Research releases survey of sales at more than 20 U.S. department, discount and chain stores. **Washington:** Productivity and costs data for the second quarter.
Wednesday Aug. 13	**Sydney:** Commonwealth Bank of Australia release full-year results. **Tokyo:** Japan's four major brewers release data on beer shipments in July. **Earnings expected:** Daiwa Industries Ltd., Metal Manufactures Ltd.	**London:** Unemployment rate, manufacturing-unit wage cost and underlying average earnings. **Madrid:** July consumer price index. **Rome:** June producer and wholesale prices. **Earnings expected:** Hoechst AG.	**Washington:** Labor Department reports the producer price index for July; Commerce Department reports retail sales for July; Mortgage Bankers Association of America releases weekly report on mortgage applications.
Thursday Aug. 14	**Hong Kong:** External trade statistics classified by country and commodity for June. **Melbourne:** Securities Institute of Australia hosts speech by David Murray, managing director of Commonwealth Bank of Australia.	**Lisbon:** July inflation figures and May trade balance. **Paris:** Provisional second-quarter wage figures. **Stockholm:** May industrial production figures. **Earnings expected:** BASF AG.	**Washington:** Consumer price index for July; June business inventories and sales; industrial production and capacity utilization for July; Labor Department reports initial weekly state unemployment compensation insurance claims.
Friday Aug. 15	**Tokyo:** Ministry of International Trade and Industry releases revised production figures for June; Japan Department Store Association may release figures on sales for Tokyo and Osaka in July.	**Helsinki:** July consumer price index; June industrial output figures. **Lisbon:** June trade figures for non-European countries. **Stockholm:** July unemployment figures.	**Ann Arbor, Michigan:** University of Michigan releases index of consumer sentiment for August. **Washington:** Federal Reserve System releases its weekly report on commercial and industrial loans at U.S. commercial banks.

Last Week's Markets

Stock Indexes

	Aug. 8	Aug. 1	% Ch'ge
United States			
DJ Indus.	8,031.22	8,194.04	—1.99
DJ Util.	229.82	233.49	—1.57
DJ Trans.	2,937.02	2,951.30	—0.48
S & P 100	909.33	923.26	—1.51
S & P 500	933.54	947.14	—1.44
S & P Ind	1,101.55	1,112.26	—0.96
NYSE Cp	483.79	490.99	—1.47
Nasdaq Cp	1,598.53	1,594.32	+ 0.26
Japan			
Nikkei 225	19,604.46	19,804.38	—1.01
Britain			
FTSE 100	5,037.20	4,899.30	+ 2.81
Canada			
TSE Indus.	6,872.30	6,857.50	+ 0.22
France			
CAC 40	2,996.27	3,049.44	—1.74
Germany			
DAX	4,354.15	4,408.79	—1.24
Hong Kong			
Hang Seng	16,647.54	16,379.22	+1.64
World			
MSCIP	972.84	981.85	—0.92

World index from Morgan Stanley Capital Intl Perspective

Money Rates

	Aug. 8	Aug. 1
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5⅝	5⅝
Japan		
Discount	0.50	0.50
Call money	0.41	0.44
3-month interbank	0.56	0.59
Britain		
Bank base rate	7.00	7.00
Call money	7¼	6¾
3-month interbank	7⅛	7 [illegible]
France		
Intervention rate	3.10	3.10
Call money	3⅛	3 [illegible]
3-month interbank	3 [illegible]	3 [illegible]
Germany		
Lombard	4.50	4.50
Call money	3.16	3.10
3-month interbank	3.26	3.21

Gold	Aug 8	Aug. 1	% Ch'ge
London p.m. fix, $	323.70	324.10	- 0.12

Euromarts

Eurobond Yields

	Aug. 8	Aug. 1	Yr high	Yr low
U.S. $, long term	6.48	6.50	7.09	6.48
U.S. $, mdm term	6.23	6.11	6.84	6.09
U.S. $, short term	6.16	5.98	6.51	5.96
Pounds sterling	7.49	7.39	7.75	7.09
French francs	4.97	4.84	5.05	4.66
Italian lire	6.48	6.23	7.79	6.20
Danish kroner	5.46	5.30	5.93	5.26
Swedish kronor	5.39	5.23	5.61	4.82
ECUs, long term	6.07	5.97	6.42	5.76
ECUs, mdm term	5.29	5.23	5.53	4.76
Can. $	5.76	5.97	6.51	5.70
Aus. $	6.14	6.20	7.86	6.14
N.Z. $	7.37	7.30	8.39	6.96
Yen	1.75	1.75	2.15	1.64

Source: Luxembourg stock exchange

Weekly Sales

Aug. 8

Primary Market

	Cedel Bk $	Cedel Bk Nos.	Euroclear $	Euroclear Nos.
Straights	428.1	313.5	2,120.5	2,970.7
Convert.	17.0	—	570.4	840.3
FRNs	1,166.3	695.3	111.0	51.8
ECP	7,767.6	6,020.8	8,217.6	7,025.7
Total	9,379.0	7,029.6	11,019.5	7,077.5

Secondary Market

	Cedel Bk $	Cedel Bk Nos.	Euroclear $	Euroclear Nos.
Straights	28,108.8	21,740.4	106,319.3	29,348.4
Convert.	1,299.6	754.7	4,753.0	2,191.4
FRNs	26,984.8	6,864.7	44,174.2	7,667.2
ECP	14,570.7	20,547.0	25,377.7	28,619.0
Total	70,963.9	49,908.8	180,624.2	67,826.0

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5 [illegible]	5 [illegible]	5 [illegible]
Deutsche mark	3 [illegible]	3 [illegible]	3 [illegible]
Pound sterling	7 [illegible]	7 [illegible]	7 [illegible]
French franc	3 [illegible]	3 [illegible]	3 [illegible]
ECU	4 [illegible]	4 [illegible]	4 [illegible]
Yen	[illegible]	[illegible]	[illegible]

Sources: Lloyds Bank, Reuters

Does J. P. Morgan Earn Enough to Be a Role Model?

By Saul Hansell
New York Times Service

NEW YORK — These days J. P. Morgan & Co. can be seen all over the world, orchestrating mega-mergers, peddling stock, engaging in all the other varieties of wheeling and dealing performed by Wall Street's investment banks.

That's quite a switch for what was once a nap-in-the-leather-armchair commercial bank in an evaporating market for corporate loans.

In its successful donning of Wall Street's costume, Morgan can be seen as a role model for the other big commercial banks that have more recently bought brokerage firms — BankAmerica Corp. or Swiss Bank Corp. — or for other banks, such as Chase Manhattan Corp., which are hiring veteran traders and deal makers to build investment banks from scratch.

But if these other banks look more closely, they may see more warning signs than hope in Morgan's story. After all, other than raising the paychecks of those of its bankers not put out to pasture, what has all the hard work gotten for J. P. Morgan?

Not profits. Morgan's return on equity last year was 15 percent — a mediocre performance, especially in a bull market.

Not shareholder return. Morgan's stock has trailed the broader market, as well as the shares of other banks and brokerage firms.

Not even a clear path to success. Many analysts are bearish on Morgan's stock, despite the bank's rising profile in world deal-making. Earnings from investment banking, after all, are notoriously volatile, and as players like Morgan jump in, everyone's margins have been declining.

"There is a lot for Morgan to be proud of," said Judah Kraushaar, a banking analyst at Merrill Lynch & Co. "But if they want to establish themselves as a pre-eminent competitor, they have to move to another level of financial performance."

To which Douglas Warner 3d, Morgan's brusque chairman, known to his friends as Sandy, has a forthright response: Just you wait.

"To be building at the pace we are building and changing our product mix at the pace we are changing and still produce the kinds of returns we have made is damn good," Mr. Warner said.

Still, he is keenly aware of investors' concerns. Mr. Warner has taken modest steps to cut costs, to use Morgan's capital more efficiently and expand the company's big, but slow-growing money management unit, a business seen as more stable than investment banking.

To that end, Morgan last month said that it would buy 45 percent of the American Century Companies, a big mutual funds group, for $900 million. For Morgan, which has generally served only corporations and the super-rich, the investment is meant to reach down into the ranks of mere millionaires.

But the stake in American Century, analysts said, would bring Morgan $45 million a year in earnings to start — less after payments on the debt used to pay for it. That is a drop in the bucket for Morgan, which earned $1.6 billion last year.

So where will Morgan find the extra $500 million a year in profit it needs to satisfy the market?

In its own way, J. P. Morgan is methodically and relentlessly trying to shoot the moon. It wants to offer a full range of trading, financing and advisory services in every major market.

But it only wants to serve the world's largest and most sophisticated corporations and governments — and a handful of promising upstarts it thinks can reach those heights with the help of J. P. Morgan.

Roberto Mendoza, Morgan's vice chairman and top deal maker is quick to acknowledge the seeming paradox of the company's attempt to profit from providing extensive, and costly, service to a handful of clients.

"Yes. That is internally contradictory," he said. But it is also the "guts" of Morgan's business — committing capital and providing objective advice from a global perspective. Doing that, Mr. Mendoza said, "you can make a difference."

He said that there was only one way for this strategy to pay off.

Morgan must muscle its way to the very top of the financial mountain.

Many of Morgan's client relationships trace back to the days that J. Pierpont Morgan himself financed the railroads and robber barons and bankrolled the creation of the AT&T Corp., the General Electric Co. and United States Steel.

But 20 years ago, as those clients stopped borrowing so much from banks, Morgan recognized that it needed to develop other ways to serve their needs. First in London and later in the United States, as the Depression-era wall separating commercial and investment banking began to crumble, Morgan began underwriting stock and bond issues and advising on mergers.

Morgan chose to build a full-service investment banking business, eschewing both mergers and the hiring of high-priced mercenaries from competitors in favor of retraining its own people for new tasks.

In the U.S. stock-underwriting business, which the Federal Reserve only allowed banks to enter in 1989, Morgan ranks 11th this year.

As recently as 1995, bond and stock investing for its own account generated 60 percent of Morgan's profits.

So it was a milestone of sorts that 60 percent of the bank's profits last year came instead from its business with clients, including market making, underwriting and advisory services.

In the equity business, Morgan is taking a cautious step down-market. Its traditional blue-chip clients rarely need to sell stock, so Morgan is courting smaller companies and leveraged buyout firms, the sort of folks it used to shun as "not our sort."

But the bank is limiting its dealings to an exclusive club of small companies that it figures will grow big enough to buy a lot of its services, offering its top choices the "sponsorship" of its name.

One example is the Iomega Corp., the rapidly growing maker of Zip disk drives. "Morgan impressed us with the level of people they sent to talk to us," Leonard C. Purkis, Iomega's chief financial officer, said.

It will not take many missteps to derail Morgan's ambition. The machine Morgan has built is so expensive to operate that if it cannot generate peak profits in bull markets like today's, it will be swamped in costly overhead in a downturn.

To be sure, Morgan has more capital than any Wall Street firm, so it could survive a slow period better than most. But it is that capital that keeps shareholder returns low even in good times, and Morgan is slowly cutting back its reserves and increasing its leverage.

Many Morgan executives have even been quietly rooting for turbulent markets on the theory that when some of its hotshot competitors get into trouble, slow and steady Morgan will rise a few notches.

Maybe then, the Morgan executives hope, Wall Street wages will fall and fees will rise.

The Phantom Employees Among Us

By Nick Ravo
New York Times Service

They are phantom employees. They saunter in late, flip on the computer, drape a jacket over the back of the chair, perhaps read the newspaper or e-mail, linger over a cup of cappuccino, and then they vanish, sometimes leaving others to take up the slack.

Or maybe they do not disappear. But somehow little or no work emerges from their cubicles, just a hushed voice making weekend plans, detailing erotic encounters or negotiating with Mastercard.

Is life in the workplace fair? Do these shirkers ever get their comeuppance? Or is life on the job, to paraphrase Woody Allen, mostly just about showing up? If you are reading this column while sitting at your desk at the office, get to work!

One of the most common ploys phantom employees like to pull is the light trick. Robin Jatko of Park Slope, Brooklyn, writes of a friend who had been employed as the sole draftsman at an engineering firm for only a few months when the work flow dried up, leaving him with nothing to do all day. And no one cared.

"Going out of his mind with boredom, my friend took to arriving at 9 A.M., turning on his drafting lamp and then going home for the rest of the day," she wrote.

A week or so later, his friend's supervisor stopped him in the hall. "'This is it, I'm fired,' thought my friend," Ms. Jatko said.

Wrong. "The supervisor reminded him to turn off his drafting lamp before he left each night," she said.

Out of boredom, Ms. Jatko's friend eventually took another job. The supervisor was later fired.

Gene Newman, who lives in Parsippany, New Jersey, has known many of these goldbricks, and he has compiled a composite called Harry, someone "only posing as a sales engineer," he writes.

"He didn't have the spark or share the thrill of the chase with his colleagues in our Jersey City office," he said. "Head office in Milwaukee was slow on the uptake, so Harry persisted in his casual approach and miserable sales record until fate stepped in."

Harry hated commuting to company headquarters, Mr. Newman said, and fate was a little manufacturer only a few miles from his home. So Harry sold his superiors on the idea — bogus, of course — that the manufacturer was a potential big contract, but it would take time to schmooze through the bureaucracy there.

Of course, Harry couldn't make a nuisance of himself by visiting the purchasing department every day.

"So, he dropped in on the manufacturing, maintenance and accounting people and once even took the night watchman to breakfast," Mr. Newman added.

Harry's scheme was working until fate, the sequel, appeared in the form of a conglomerate, which acquired the little manufacturing concern. The manufacturer was exultant and told Harry that its operations would be greatly increased, and he would get tons of sales.

Sounds great, right? One problem, Mr. Newman said. So excited by the takeover were Harry's company and the little manufacturer that they decided that Harry should spend all his time at the manufacturer's operations, which had become his home away from home — or at least his home away from work.

Sounds great, right? Unfortunately, the manufacturer was moving to a new plant in a distant county. "Harry," he said, "was condemned to a round-trip commute of 200 miles."

PROZAC: *Growing Interest in Anti-Depressants for Children*

Continued from Page 1

anti-depressant for children would be a tremendous marketing lift.

Last year, nearly 600,000 children and adolescents were prescribed Prozac, Paxil or Pfizer's Zoloft, the most common of the new drugs, according to IMS America Ltd., a research concern. Prozac prescriptions for those 13 to 18 years old increased 46 percent last year. Over all, Prozac sales totaled $1.73 billion in the United States in 1996, Eli Lilly said.

But the adult market for the drugs has become saturated. New adult prescriptions for Prozac fell 5 percent last year and 2.7 percent the year before, after increasing 13 percent in 1994. Companies are looking for customers.

Formal clearance by the Food and Drug Administration of anti-depressants for children would mean companies could directly market them for use by children.

"The companies are looking for expanded markets," said Barbara Ryan, managing director of Alex Brown & Sons, who analyzes the pharmaceutical industry.

Critics worry, though, that not enough is known about how anti-depressants work on the growing brain, or that cost-conscious insurance companies will turn too quickly to drugs, rather than costly conventional psychotherapy. Others fear that formal approval could encourage excessive prescriptions of the drugs or even accidental overdoses, especially since some companies are already preparing them in mint and orange-flavored liquid versions.

"Depressed kids need all the help we can give them," said Leon Eisenberg, professor of social medicine at Harvard Medical School. "But even a good drug can be abused; look what happened with Ritalin. The availability of the pill has allowed doctors to disregard the importance of trying to find out what's going on with these kids."

Ritalin is a widely prescribed drug used to treat attention-deficit disorders or related problems in childhood, and many children have used it for years. Some critics see this pattern as an abuse of the drug.

Marsha Levy Warren, a Manhattan clinical psychologist, said that she was worried that approval by the Food and Drug Administration of anti-depressants for the young might mean teenagers would be medicated just for acting like teenagers and that by promoting drugs without counseling, children would get the wrong message.

"If we are giving them medication to stabilize their moods," Ms. Warren said, "they may not be able to handle the ebb and flow of emotion that is part of life."

But for the mother of the Long Island girl, agency approval would be a relief. "It's scary enough to give your child medication," said the mother, a social worker, "but to give something that isn't approved is even scarier. There was no research, and I was against medication. But now I'm a believer. I look at people with mental problems and say, 'Hey, why don't you take this drug?'"

Her daughter's psychiatrist, Harold Koplewicz, a professor of clinical psychiatry at New York University School of Medicine, has had dozens of children on the new anti-depressants. He acknowledged that depression is difficult to diagnose in children and that counseling should be tried first.

But, he said, children's depression is undertreated and underdiagnosed, and medication can be lifesaving. Far from encouraging drug use, he said, treating depression with medicine can "keep kids from medicating themselves with feel-good drugs" that are illegal.

"If a child truly has depression, medication should be considered as part of the treatment," Mr. Koplewicz said.

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AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, August 7, 1997



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DOLLAR: *A Pause in Climb*

Continued from Page 1

is tied to the mark in Europe's exchange-rate system.

The danger remains, for as Paul Meggyesi at Deutsche Morgan Grenfell noted, the sell-off Friday could simply have been a pause, similar to the consolidations seen before the dollar blasted past 1.80 DM and then 1.85 DM in June. But, he added, that looked unlikely.

Jim O'Neill at Goldman, Sachs & Co. warned that "the dollar could recover" if the Bundesbank kept its key money-market rate unchanged when it announces the conditions for its weekly securities repurchase operations early this week.

But he said, "We are close to an important shift in the relation between the dollar and the DM and in the market's view of a weak euro." The European Union's planned common currency is now expected to be weak when it is started in 1999.

Widespread worry about the euro's future value has been a major cause of the weakness of currencies scheduled to participate in the planned monetary union.

Ron Leven at J. P. Morgan said "the dollar's upward momentum versus the mark has been broken." He observed that experience showed that "when the dollar rallies against the DM in July, it pretty regularly tends to reverse in August."

But all the analysts warn about reading too much into the dollar's slide on Friday. As Mr. Leven said, "There has been no change in the underlying fundamentals, this looks like a big-position washout."

If any position was washed away, it was in the pound, analysts said.

Britain has the highest interest rates of any major industrialized country and the prospect of further rate increases has pulled enormous amounts of interest-sensitive "hot" money into the pound, driving it to levels not seen since the early 1990s.

It was no surprise when the Bank of England on Thursday lifted its base rate another quarter-point to 7 percent. But what stunned the market was the bank's broad hint that this was likely to be the last increase needed to keep inflation in check.

With the currency already at a level that had British exporters screaming — and therefore not sustainable — and with interest rates now capped, the so-called hot money pulled out.

For a large part, this hot money was financed out of Germany where it cost only slightly more than 3 percent to borrow money that could be put into the pound, which yielded almost 7 percent. Thus, the rush out of the pound resulted in a tidal wave into marks, as well as into Swiss francs.

The pound lost just over 1 percent Friday after a similar loss Thursday. For the week, the British currency was down 3.5 percent against both the mark and the Swiss franc.

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SHORT COVER

GM and Union Reach Agreement

DETROIT (Bloomberg) — General Motors Corp. and the United Auto Workers have reached a tentative contract settlement, averting a strike at the 3,600-worker Detroit-Hamtramck assembly plant that produces Cadillac luxury cars.

Union members were expected to vote on the pact Sunday. Details of the agreement were not available.

The pact was signed Saturday at around 3 A.M., a company spokesman said, after the union continued to negotiate past its midnight strike deadline.

The automaker and the union have been trying for about a year to reach a new contract for hourly workers at the plant.

It was the latest showdown between the UAW and GM, which has had six strikes at its U.S. plants this year.

GM faces another walkout this week. The UAW has set a strike deadline for Friday evening at the company's 3,500-worker Willow Run transmission plant in Ypsilanti, Michigan.

Australia Sets Sale of Telstra Shares

MELBOURNE (Bloomberg) — Australia said the sale of one-third of Telstra Corp., its biggest-ever sale of state-owned assets, would begin in October and said Telstra shares would begin trading in November.

The sale is expected to reap more than 8 billion Australian dollars ($5.94 billion) for the government.

Finance Minister John Fahey said 65 percent of the company's shares would be allocated to Australian investors, adding that the number of shareholders could reach 1 million. Telstra shares will trade on the Australian, New Zealand and New York stock exchanges, he said.

Philippine Banker Issues Warning

MANILA (AFP) — The governor of the Philippines' central bank warned Sunday of capital flight and a further weakening of the peso if Congress carried out its plan to scrap the bank-secrecy law and tax foreign-currency deposits.

Law-enforcement officials have asked Congress to pass a law allowing authorities to look into the bank accounts of suspected criminals to help in their investigations.

A tax on foreign-currency deposits is among the provisions of a proposed tax-reform law awaiting the approval of both chambers of Congress.

In a paper prepared for the Senate, Gabriel Singson, the governor of the central bank, said a lifting of the confidentiality rule would "have a destabilizing effect on the banking system and the economy as a whole."

He said the lifting of such a "cloak of secrecy" would "abet capital flight."

U.S. Machine-Tool Orders Increase

WASHINGTON (Bloomberg) — U.S. orders for machine tools rose 38.9 percent in June from the previous month, aided by a strong increase in orders in Southern states, an industry survey said.

Orders from U.S. companies for domestic and internationally produced machine tools climbed to an estimated $894 million in June from a revised $644 million in May, said a joint report from the Association for Manufacturing Technology and the American Machine Tool Distributors' Association.

June's gain, the fourth increase in five months, brought the total level of orders in the first half up 19.7 percent to $4.4 billion.

Israel Maintains Inflation Target

JERUSALEM (Bloomberg) — The Finance Ministry, trying to increase growth and employment, said it would not pursue a lower inflation rate in 1998.

"The goals are growth and lower unemployment," Finance Minister Yaacov Neeman said.

Next year's inflation target will be 7 percent to 10 percent, unchanged from this year's target, the ministry said. The decision goes against the Bank of Israel's recommendation of a target of 6 percent to 9 percent. Israel's consumer price index rose 5 percent in the first half of 1997.

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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, Aug. 8



Continued on Page 15

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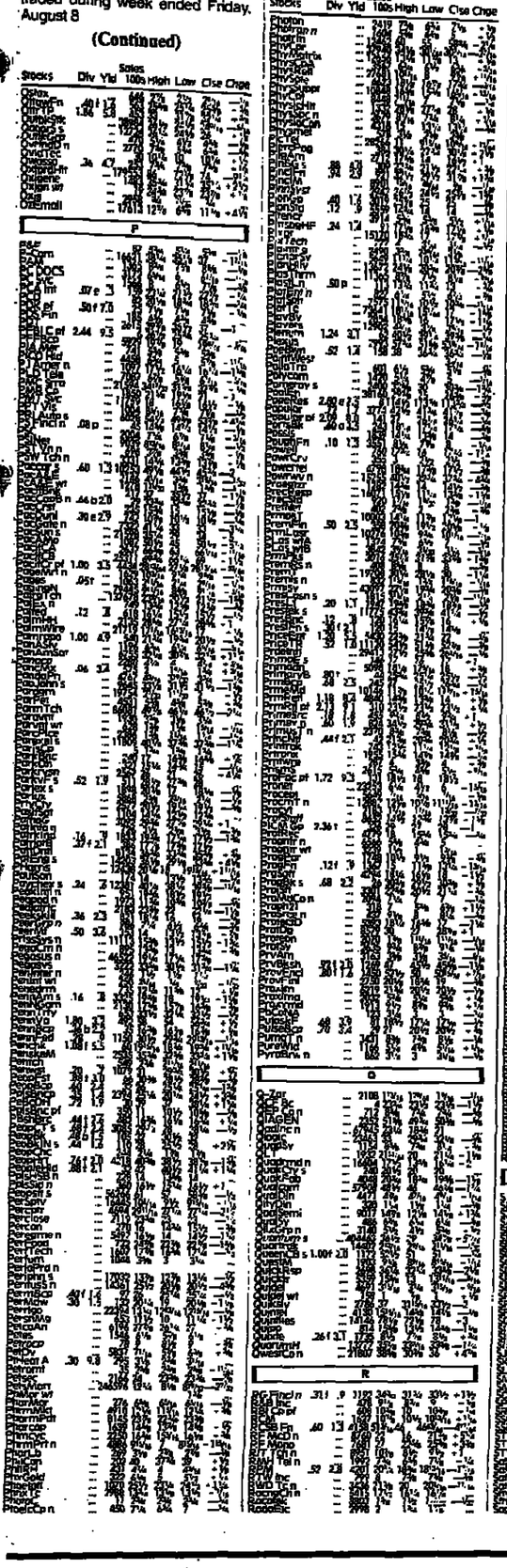
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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, August 8

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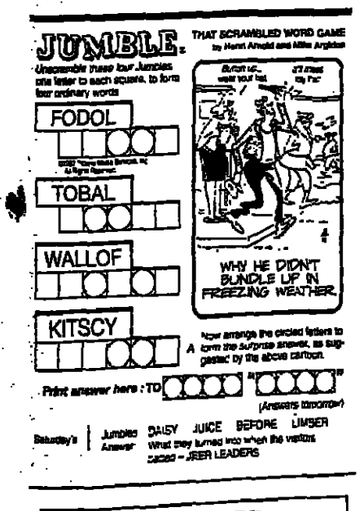
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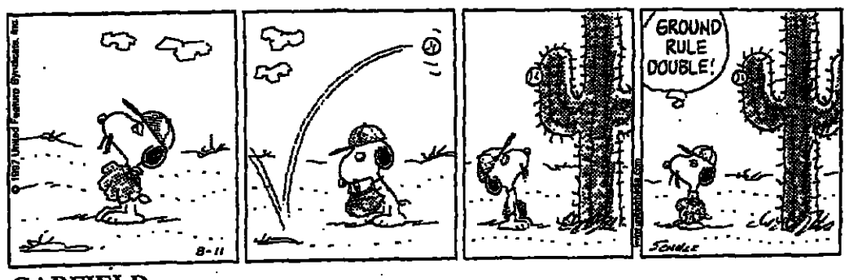


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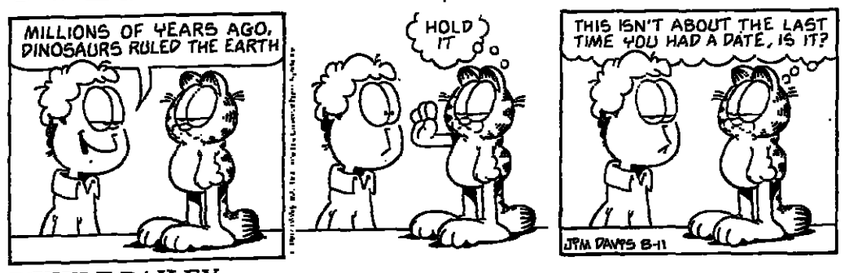


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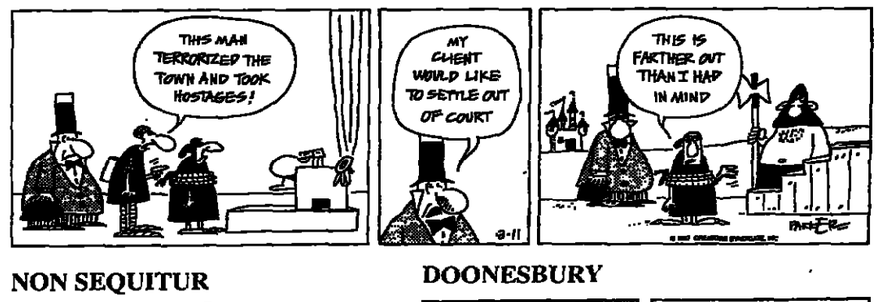
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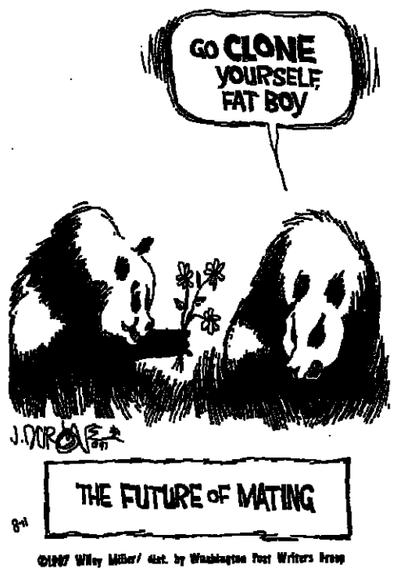
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SPORTS

Champion Opens With Late Victory

Manchester United Beats Tottenham, 2-0

Compiled by Our Staff From Dispatches

Two goals in two minutes late in the game Sunday gave Manchester United, the English champion, a 2-0 victory at Tottenham Hotspur in their Premier League opener.

The match appeared to be heading for a goalless draw after Teddy Sheringham of United missed a 60th-minute penalty.

But eight minutes from the end, Sheringham, a player Tottenham sold to United for £3.5 million ($5.6 million) in

WORLD SOCCER

the summer, had a shot charged down by Ramon Vega. The ball ran to Nicky Butt, who slammed it past Ian Walker, the Tottenham keeper, from close range.

Less than two minutes later, Vega deflected a harmless cross by David Beckham into the Tottenham own net.

United deserved the points from a game dominated by both sets of defenders. The league kicked off Saturday with a host of new arrivals eager to impress the fans and justify their transfer fees.

Arsenal paraded the Dutchman Marc Overmars, Liverpool had the German KarlHeinz Riedle and the England midfielder Paul Ince back from Italy, but none found the net on a day when the locals fared best.

Newcastle's Colombian striker, Faustino Asprilla, did score twice against Sheffield Wednesday. Wednesday's Italian Benito Carbone replied with a spectacular bicycle kick in a 2-1 defeat.

Arsenal relied on Ian Wright once again in a 1-1 draw at Leeds. Dion Dublin scored three times for Coventry, which beat Chelsea, one of the biggest importers of star players, 3-2.

Liverpool's 17-year-old Michael Owen scored from a 71st-minute penalty in a 1-1 draw at Wimbledon.

All had to sweat for their money on a blisteringly hot afternoon, but few caused as much of a stir as an unglamorous team in a small Yorkshire town whose captain, Neil Redfearn, made history.

Redfearn's team Barnsley, a small northern club, had spent 110 years in the lower divisions of the English league, but his ninth-minute goal against West Ham was Barnsley's first in the top division and the first in the Premier League this season. For a matter of minutes, Barnsley led the Premier League.

West Ham equalized shortly after halftime and seized victory in the 76th minute, with a goal by Frank Lampard Jr., the son of the former England fullback, who is the West Ham deputy manager.

Newly promoted Crystal Palace won 2-1 at Everton. Balding Italian winger Attilio Lombardo, Palace's record signer from Juventus, scored a fine first-half goal and set up the second. He spoiled Howard Kendall's fourth debut at Everton. Kendall, a star player with Everton in the 1960s and the architect of the club's success in the 1980s, who was starting his third spell as the Everton manager.

GERMANY Borussia Moenchengladbach scored two goals in the final 11 minutes Sunday to draw 2-2 in Berlin and push Hertha Berlin to the bottom of the Bundesliga.

Hertha, which returned to the top division this season, led 2-0 when Borussia's Peter Wynhoff scored in the 79th minute and Stefan Effenberg equalized from a free kick with one minute left.

On Saturday, substitute Ingo Anderbruegge scored with four minutes left to play to give Schalke, the UEFA cup winner, a 1-0 victory over Borussia Dortmund, the European champion.

Anderbruegge, who had been on the field for eight minutes, fired the gamewinner in the 86th minute to decide a match between two local rivals that had been billed as the "Euro Summit."

"It's just three points," said Huub Stevens, the Schalke coach.

Defending champion Bayern Munich picked up its first victory this season, blasting Wolfsburg 5-2.

Karlsruhe retained first place with a 3-1 triumph over Arminia Bielefeld. Gunther Schepens, a Belgian, snapped a 1-1 tie with a goal in the 78th and scored again 10 minutes later.

ARGENTINA River Plate took a 2-0 victory over Velez Sarsfield on Saturday to retain its league title with one round of matches to play. Uruguayan striker Enzo Francescoli scored both goals, after 12 and 65 minutes. Paraguayan goalkeeper Jose Luis Chilavert also saved a penalty by Francescoli. Newell's Old Boys — the only team with a chance to knock River off the top spot — lost 4-1 to Ferro Carril Oeste. *(AP, Reuters)*



Max Nash/The Associated Press

Steffen Iversen of Tottenham, center, cutting between Gary Pallister and Nicky Butt of Manchester United.

U.S. Amateur Golfers Grip the Walker Cup

The Associated Press

SCARSDALE, New York — The American team overpowered Britain-Ireland in the Walker Cup on Sunday, winning three of four alternate-shot morning matches to move to within one point of victory.

The United States needed to win just one point in the eight afternoon singles matches to reclaim the cup it surrendered when the Tiger Woods-led team lost 14-10 in Wales two years ago.

A victory would give the United States a 31-4-1 record in the international team competition first played in 1922.

The United States had led 11½-4½ at the end of play Saturday. "We just kept it in play, kept it below the hole and made them make the putts to beat us," Steve Scott said after he and Duke Delcher won the last morning match 1-up over Richard Coughlan and David Park.

The U.S. was 7-1 in alternate-shot play.

"This was the hardest thing I've ever done," Delcher said. "We wanted this bad — real bad."

Delcher and Scott were the only Americans not to win a point on Saturday.

By the seventh hole Sunday, the British and Irish team led in no matches.

Its only bright light was Justin Rose, 17, the youngest player ever in Walker Cup competition. He teamed with Gary Wolstenholme to beat Randy Leen and Chris Wollmann, 2 and 1, for his team's only point of the morning.

The U.S. team overwhelmed its opponent with a blend of top-level amateur experience — John Harris, Jerry Courville Jr., Buddy Marucci and Delcher — and the zest and talent of a half-dozen college players.

"They are so young and they have so much talent, you've just got to stand back and let them run," Harris, 45, said after he teamed with Brad Elder, 22, to beat Steve Young and Craig Watson, 3 and 2.

The victory gave Harris a 9-1 record in three Walker Cups.

Elder, a senior at the University of Texas who will turn pro next year, won all three of his matches going into singles play.

Langer Surges to Czech Victory

Reuters

PRAGUE — Bernhard Langer of Germany won the Czech Open on Sunday with an 8-under-par final round of 63.

Langer started the final round four strokes behind the leader, Ignacio Garrido of Spain, and finished the day four shots ahead of both Garrido and Niclas Fasth of Sweden.

Garrido shot a final round of 71 after three efforts in the mid-60s, but assured himself a place on Europe's Ryder Cup team that will play the United States next month. Garrido's father, Antonio, also played for the European team. The only other father-and-son duo to play in the Ryder Cup are Percy and Peter Alliss of Britain.

Langer, who shot a 64 on Saturday, finished with a 20-under total of 264, running up 15 birdies in the final two rounds. He collected $211,000 for the victory and is in second place behind Ian Woosnam on this year's money list for European golfers.

A bogey on the 17th cost Garrido second place outright, but he moved to sixth in the Ryder Cup points table, comfortably among the leading 10 automatic qualifiers. Fasth shot a final round of 66.

■ Els Leading at Buick Open

Ernie Els shot a par 72 to hold the lead in the Buick Open at Grand Blanc, Michigan, going into the final round, The Associated Press reported.

Els had a three-round total of 203 at the end of play Saturday, good for a three-stroke lead over Curtis Strange, Larry Mize and Brad Fabel. Strange shot 68 on Saturday, Mize 69 and Fabel 70.

"It was really tough out there," Els *said.* "The fairways were pretty firm, the greens were firming up and the pins were tucked in difficult positions."

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Toronto	55	59	.482	17
Detroit	54	60	.474	18
CENTRAL DIVISION				
Cleveland	58	54	.518	—
Milwaukee	55	58	.487	3½
Chicago	55	59	.482	4
Minnesota	51	64	.443	8½
Kansas City	48	65	.425	10½
WEST DIVISION				
Anaheim	66	50	.569	—
Seattle	65	50	.565	½
Texas	54	62	.466	12
Oakland	46	71	.393	20½

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	74	44	.627	—
Florida	67	48	.583	5½
New York	65	50	.565	7½
Montreal	59	55	.518	13
Philadelphia	39	75	.342	33
CENTRAL DIVISION				
Houston	62	55	.530	—
Pittsburgh	57	60	.487	5
St. Louis	53	63	.457	8½
Cincinnati	49	65	.430	11½
Chicago	47	70	.402	15
WEST DIVISION				
San Francisco	65	52	.556	—
Los Angeles	63	53	.543	1½
Colorado	56	62	.475	9½
San Diego	55	61	.474	9½

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Gooden, Mecir (1), Lloyd (5), Mendoza (8) and Posada; Hawkins, Trombley (7) and G. Myers, Steinbach (9). W—Hawkins 4-7. L—Gooden 5-4. HRs—Minnesota, Knoblauch (8), R. Kelly (5).

Chicago 000 000 000—0 5 1
Seattle 031 000 10x—5 10 0
C.Clemons, N. Cruz (5), Simas (8) and Karkovice; Ra.Johnson and Da.Wilson. W—Ra.Johnson 16-3. L—C. Clemons 0-2. HRs—Seattle, Griffey (35), E. Martinez (19).

Baltimore 000 221 010—6 12 0
Anaheim 000 001 010—2 5 1
Mussina, Orosco (8), A.Benitez (8), Ra.Myers (9) and Hoiles; D.Springer, Da.May (7), Hasegawa (8), Cadaret (8) and Td.Greene. W—Mussina 13-4. L—D. Springer 7-5. Sv—Ra.Myers (33). HR—Baltimore, Bordick (5).

NATIONAL LEAGUE

San Diego 100 000 000—1 9 1
Chicago 000 001 02x—3 11 1
P.Smith, Bochtler (7), Tl.Worrell (8) and Flaherty; Tapani, R.Tatis (7), Pisciotta (8) and M. Hubbard. W—Pisciotta. 2-0. L—Bochtler, 1-5. HR—Chicago, Sosa (25).

San Francisco 011 002 000—4 9 0
Montreal 000 000 000—0 2 0
Gardner and B. Johnson; C.Perez and Fletcher. W—Gardner 12-5. L—C. Perez 11-7. HR—San Francisco, Snow (20).

Houston 100 000 000—1 3 2
New York 011 400 00x—6 13 1
Reynolds, Lima (4), J. Cabrera (7), B. Wagner (8) and Ausmus; Bohanon, McMichael (8), Lidle (9) and Hundley. W—Bohanon 3-1. L—Reynolds 6-7. HR—Houston, J. Mouton (3).

Philadelphia 000 100 000—1 3 3
St. Louis 202 000 02x—6 12 2
M.Leiter, R. Harris (8) and Lieberthal; Osborne, C. King (8), Frascatore (9) and DiFelice. W—Osborne 2-4. L— Leiter 7-12. HRs—St. Louis, Lankford (23), McGwire (1).

Florida 000 310 200—6 11 1
Atlanta 101 000 200—4 9 2
A.Fernandez, Cook (7), Powell (8), Nen (9) and C.Johnson; Byrd, Cather (5), Bielecki (7), Embree (7), Millwood (8) and J.Lopez. W—A. Fernandez 14-8. L—Byrd 3-2. Sv—Nen (28). HRs—Florida, C. Johnson (15). Atlanta, Blauser (14).

Los Angeles 011 620 000—10 15 1
Cincinnati 103 010 000—5 11 0
Candiotti, Dreifort (6) and Piazza, Prince (9); Morgan, R.Lewis (4), Fe.Rodriguez (5) and J.Oliver. W—Candiotti 8-4. L—Morgan 3-10. Sv—Dreifort (2). HRs—Cincinnati, Edu.Perez (10), J. Oliver (11).

Pittsburgh 100 000 200—3 11 0
Colorado 003 200 00x—5 10 0
Lieber, Sodowsky (7) and Kendall; Jm.Wright, DeJean (7), Dipoto (8) and Je.Reed. W—Jm.Wright, 6-7. L—Lieber, 6-12. Sv—Dipoto (5). HR—Pittsburgh, J. Guillen (11).

SATURDAY'S LINESCORES
AMERICAN LEAGUE

Texas 100 003 000—4 8 0
Cleveland 000 010 200—3 6 1
Te.Clark, Patterson (6), Gunderson (7), Wetteland (8) and I.Rodriguez; Nagy, Assenmacher (8), Shuey (9) and S.Alomar. W—Te.Clark, 1-3. L—Nagy, 11-8. Sv—Wetteland (24). HRs—Texas, W.Clark (12). Cleveland, Giles (14), Branson (1).

SECOND GAME

Texas 000 100 100—2 7 1
Cleveland 100 100 11x—4 9 1
Moody, Whiteside (7), Vosberg (8), Leyritz; Jacome, Shuey (6), Assenmacher (7), Mesa (8), Borders, S.Alomar (8). W—Assenmacher 3-0. L—Moody 0-1. Sv—Mesa (4). HRs—Cleveland, Justice 2 (21).

Detroit 003 000 000—3 9 0
Toronto 001 010 000—2 4 1
S.Sanders, Miceli (6), Brocail (7), To.Jones (9) and Walbeck; Carpenter, Andujar (7), Plesac (8), Quantrill (8) and B.Santiago. W—S. Sanders, 4-9. L — Carpenter, 0-5. Sv—To.Jones (23). HR—Toronto, B.Santiago (8).

Chicago 000 000 302—5 4 0
Seattle 001 000 100—2 7 0
Baldwin, McElroy (8), Karchner (8) and Fabregas; Cloude, Spoljaric (7), Ayala (7) and Da.Wilson. W—Baldwin 8-12. L—Cloude 0-1. Sv—Karchner (3). HRs—Chicago, Ventura (3). Seattle, Da.Wilson (10).

Kansas City 000 810 000—9 12 0
Boston 000 001 100—2 6 3
Rusch and Sweeney, Macfarlane (5); Suppan, Lacy (4), Wasdin (6), Mahay (9) and Haselman. W—Rusch 4-8. L—Suppan 5-1. HRs—Boston, Vaughn (26), Haselman (4).

New York 000 100 012—4 8 0
Minnesota 100 000 000—1 8 1
D.Wells, Nelson (8), M.Rivera (9) and Girardi; Radke, Swindell (9), Fr.Rodriguez (9) and Steinbach. W—D. Wells 13-5. L—Radke 16-6. Sv—M. Rivera (35). HRs—New York, Hayes (11), Curtis (9).

Milwaukee 000 001 010—2 5 0
Oakland 200 000 01x—3 8 0
J.Mercedes, A. Reyes (6), Adamson (7), Wickman (7) and Matheny, Levis (8); W.Adams, Mohler (6), T. J.Mathews (7), Taylor (9) and Mayne, Molina (9). W—T. J.Mathews 3-1. L—Wickman 6-4. Sv—Taylor (21). HRs—Milwaukee, Js.Valentin (11). Oakland, Belliborn (3).

Baltimore 100 000 002—3 7 0
Anaheim 000 100 03x—4 6 1
Kamieniecki, Rhodes (8) and Webster; Finley, Percival (9) and Greene. W—C. Finley 12-6. L — Rhodes 7-3. Sv — Percival (19).

NATIONAL LEAGUE

Florida 002 000 001—3 7 1
Atlanta 000 103 00x—4 9 0
L.Hernandez, Stanifer (6), F.Heredia (7), Helling (7) and C.Johnson; Smoltz, Wohlers (9) and J. Lopez. W—Smoltz, 11-9. L—Stanifer, 1-1. Sv—Wohlers (28).

San Diego 010 400 110—7 12 1
Chicago 000 050 000—5 10 0
Ashby, Cunnane (5), D.Veras (7), Tl.Worrell (8), Hoffman (8) and Flaherty; Trachsel, Bottenfield (5), R. Tatis (6), T.Adams (6), Patterson (8), Pisciotta (7) and M. Hubbard, Houston (9). W—Cunnane, 6-2. L—T. Adams, 1-6. Sv—Hoffman (27).

Pittsburgh 131 000 200—7 12 0
Colorado 320 001 101—8 11 1
Cooke, Ruebel (1), P. Wagner (7), Rincon (8), Loiselle (9) and Kendall; F.Castillo, Hutton (7), DeJean (7), M. Munoz (9) and Manwaring. W—M. Munoz 2-3. L—Rincon 4-6. HRs—Pittsburgh, Sveum (9). Colorado, L. Walker 2 (35), Galarraga (30), N. Perez (5).

Los Angeles 110 000 000—2 6 1
Cincinnati 101 001 00x—3 7 2
I.Valdes, Hall (8) and Piazza; G.White, Belinda (8), Shaw (9) and J. Oliver. W—G. White 1-0. L—I. Valdes 6-10. Sv—Shaw (22). HR—Cincinnati, R.Sanders (14).

Houston 100 200 005—8 11 3
New York 010 002 000—3 4 0
Holt, R. Springer (7), B.Wagner (9) and Ausmus; B.J.Jones, Wendell (7), Rojas (8) and Hundley. W—R. Springer 2-3. L—Rojas 0-5. HRs—Houston, Bagwell 2 (31). New York, Hundley (24).

San Francisco 001 000 000—1 4 1
Montreal 010 000 001—2 8 1
Estes, R. Hernandez (8) and Berryhill; P.J.Martinez and Fletcher. W—P. J.Martinez 14-5. L—R. Hernandez 1-1.

Philadelphia 100 002 000—3 9 0
St. Louis 000 000 200—2 3 0 T.Green, Brewer (7), Bottalico (8) and Lieberthal; Aybar, Fossas (8), C. King (8) and Lampkin. W—T. Green 3-1. L—Aybar 0-2. Sv—Bottalico (22). HR—Philadelphia, Jefferies (10).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct	GB
Yakult	56	36	1	.609	—
Yokohama	47	42	0	.528	7½
Hiroshima	45	45	0	.500	10
Chunichi	46	49	0	.484	11½
Hanshin	42	49	1	.462	13½
Yomiuri	39	54	0	.419	17½

PACIFIC LEAGUE

	W	L	T	Pct	GB
Orix	49	35	3	.583	—
Seibu	48	41	2	.539	3½
Daiei	47	46	0	.505	6½
Lotte	41	45	2	.477	9
Nippon Ham	44	50	1	.468	10
Kintetsu	40	52	2	.435	13

SUNDAY'S RESULTS
CENTRAL LEAGUE
Yakult 7, Yokohama 4
Chunichi 2, Yomiuri 1
Hiroshima 10, Hanshin 5
PACIFIC LEAGUE
Lotte 5, Orix 2
Seibu 4, Nippon Ham 2
Kintetsu 5, Daiei 2

AUTO RACING

HUNGARIAN GRAND PRIX

Leading results of Sunday's Hungarian Grand Prix over 77 laps of the Hungaroring in Budapest:

1, Jacques Villeneuve, Canada, Williams-Renault 1hour, 45minutes 47.149 seconds; 2, Damon Hill, Britain, Arrows-Yamaha 9.079 seconds behind; 3, Johnny Herbert, Britain, Sauber 20.445; 4, Michael Schumacher, Germany, Ferrari 30.501; 5, Ralf Schumacher, Germany, Jordan-Peugeot 30.715; 6, Shinji Nakano, Japan, Prost-Mugen-Honda 41.512; 7, Jarno Trulli, Italy, Prost-Mugen-Honda 1:15.552; 8, Gerhard Berger, Austria, Benetton-Renault 1:16.409; 9, Eddie Irvine, Ireland, Ferrari classified without having finished. 10, Ukyo Katayama, Japan, Minardi-Hart 1 lap.

STANDINGS: 1, M. Schumacher, 56 points; 2, Villeneuve, 53; 3, Jean Alesi, France, 22; 4, Berger, 20; 5, Heinz-Harald Frentzen, Germany, 19; 6, Irvine, 18; 7, Olivier Panis, France, 15; 8, Mika Hakkinen, Finland, 14; 9, David Coulthard, Britain, 13; 10, R. Schumacher, 11.

CONSTRUCTORS' STANDINGS: 1, Ferrari 74 points; 2, Williams-Renault 72; 3, Benetton-Renault 46; 4, McLaren-Mercedes 28; 5, Prost-Mugen Honda 20; 6, Jordan-Peugeot 19; 7, Sauber-Petronas 12; 8, Arrows-Yamaha 7; 9, Stewart-Ford 6; 10, Tyrrell-Ford 2.

CYCLING

SAN SEBASTIAN

Leading finishers Saturday in the XXVII San Sebastian International Classic, a 230-kilometer (142.9-mile) World Cup event: 1, Davide Rebellin, Italy, 5 hours, 47 minutes, 22 seconds; 2, Alexandre Gontchenkov, Russia, same time; 3, Stefano Colage, Italy, s.t.; 4, Maurizio Fondriest, Italy, s.t.; 5, Gianluca Bortolami, Italy, s.t.; 6, Rolf Sorensen, Denmark, s.t.; 7, Beat Zberg, Switzerland, s.t.; 8, Jens Heppner, Germany, s.t.; 9, Richard Virenque, France, s.t.; 10, Giuseppe Tartaglia, Italy, s.t.

WORLD CUP STANDINGS (6 EVENTS): 1, Sorensen, 212 points; 2, Michele Bartoli, Italy, 196; 3, Zberg, 120; 4, Laurent Jalabert, France, 114; 5, Andrei Tchmil, Ukraine, 104; 6, Rebellin, 101; 7, Erik Zabel, Germany, 100; 8, Bjarne Riis, Denmark, 100; 9, Frederic Guesdon, France, 100; 10, Davide Casarotto, Italy, 98.

CRICKET

ENGLAND VS. AUSTRALIA
FIFTH TEST, 4TH DAY
Australia 1st Innings: 427
England 1st Innings: 313
Australia 2nd Innings: 336 all out
England 2nd Innings: 186
Australia leads six-match series 3-1

INDIA VS. SRI LANKA
SECOND TEST, 2ND DAY
Sri Lanka: 332 all out
India: 226-4

FOOTBALL

NFL PRESEASON

FRIDAY'S RESULTS
Cincinnati 27, Detroit 23
Buffalo 19, Minnesota 3
N.Y. Jets 39, Baltimore 29
New England 16, Dallas 10
St. Louis 12, Arizona 0
Green Bay 37, Oakland 24

SATURDAY'S RESULTS
Atlanta 17, Tampa Bay 12
Washington 18, Tennessee 12
Denver 23, Carolina 13
Jacksonville 38, N.Y. Giants, 16
New Orleans 26, Kansas City 7
San Francisco 21, Seattle 17
San Diego 23, Indianapolis 17

CFL STANDINGS

EASTERN DIVISION	W	L	T	PF	PA	Pts.
Toronto	5	2	0	10	223	158
Montreal	4	3	0	8	165	212
Hamilton	1	6	0	2	150	200
Winnipeg	1	6	0	2	151	228
WESTERN DIVISION						
Edmonton	6	1	0	12	226	150
British Columbia	4	3	0	8	195	191
Saskatchewan	4	3	0	8	167	168
Calgary	3	4	0	6	195	165

FRIDAY'S RESULT
Saskatchewan 30, Hamilton 20
SATURDAY'S RESULT
Montreal 45, British Columbia 31

GOLF

CZECH OPEN

Leading final results after four rounds of the Czech Open played in Karlstejn at the Karlstejn Golf Club, 6,803 yards (6,220 meters), par 71:

B. Langer, Germany	70-67-64-63—264
Ignacio Garrido, Spain	66-65-66-71—268
Niclas Fasth, Sweden	70-65-67-66—268
M. A.J Jimenez Spain	67-64-67-71—269
A. Cejka, Germany	71-67-67-65—270
P. Sjoland, Sweden	70-61-70-69—270
A. Coltart, Scotland	72-67-68-64—271
P. Hedblom, Sweden	67-71-66-67—271
M. Long, NewZealand	66-71-67-67—271
L.Westwood, England	67-68-68-68—271

WALKER CUP

IN SCARSDALE, N.Y.
SATURDAY'S RESULTS
FOURSOMES

Brad Elder-Joel Kribel, United States, def. Barclay Howard-Steven Young, Britain-Ireland, 4 and 3; Jerry Courville Jr.-Buddy Marucci, U.S., def. Justin Rose-Michael Brooks, GB&I, 5 and 4.

Jason Gore-John Harris, U.S., def. Gary Wolstenholme-Keith Nolan, GB&I, 6 and 4; Randy Leen-Chris Wollmann, U.S., def. Richard Coughlan-David Park, GB&I, 1-up.

SINGLES

Craig Watson, GB&I, def. Steve Scott, U.S., 1-up; Young, def. Duke Delcher, U.S., 5 and 4; Elder def. Howard, 5 and 4; Rose def. Kribel, 1-up.

Leen def. Nolan, 3 and 2; Gore def. Graham Rankin, GB&I, 3 and 2; Coughlan halved with Wollmann; John Harris, U.S., def. Wolstenholme, 1-up.

United States 8½, Britain-Ireland 3½

SUNDAY'S RESULTS
FOURSOMES

John Harris-Brad Elder, United States, def. Steven Young-Craig Watson, Britain-Ireland, 3 and 2; Jerry Courville-Buddy Marucci, U.S., def. Barclay Howard-Graham Rankin, GB&I, 5 and 4.

Duke Delcher-Steve Scott, U.S., def. Richard Coughlan-David Park, GB&I, 1-up; Gary Wolstenholme-Justin Rose, GB&I, def. Randy Leen-Chris Wollmann, U.S., 2 and 1.

United States 11½, Britain-Ireland 4½

TENNIS

ATP CHAMPIONSHIP
SINGLES
QUARTERFINALS

Pete Sampras (1), United States, def. Yevgeny Kafelnikov (7), Russia, 6-2, 6-2; Albert Costa (14), Spain, def. Sergi Bruguera (6), Spain, 4-6, 6-3, 5-2 retired.

Thomas Muster (5), Austria, def. Jan Siemerink, Netherlands, 6-7 (7-1), 7-6 (7-3), 7-6 (7-5); Michael Chang (2), United States, def. Gustavo Kuerten (10), Brazil, 6-1, 6-2.

SEMIFINALS

Sampras (1), def. Costa (14), 6-3, 6-4; Muster (5), def. Chang (2), 6-3, 4-6, 7-6 (7-2).

SAN MARINO INTERNATIONAL
QUARTERFINALS

Felix Mantilla (1), Spain, def. Christian Ruud (8), Norway, 6-3, 6-1; Magnus Gustafsson, Sweden, def. Andrei Pavel, Romania, 6-4, 4-6, 6-1.

Dominik Hrbaty (6), Slovakia, def. Adrian Voinea, Romania, 7-6 (7-5), 4-6, 7-5; Carlos Costa, Spain, def. Javier Sanchez (4), Spain, 6-3, 6-3.

SEMIFINALS

Gustafsson def. Costa, 1-6, 6-1, 6-3; Mantilla (1), def. Hrbaty (6), 6-4, 6-4.

FINAL

Mantilla (1), def. Gustafsson, 6-4 6-1.

ACURA CLASSIC
QUARTERFINALS

Martina Hingis (1), Switzerland, def. Anke Huber (6), Germany, 6-3, 6-0; Lindsay Davenport (4), United States, def. Nathalie Tauziat, France, 6-1, 3-6, 6-3; Amy Frazier, United States, def. Arantxa Sanchez Vicario (5), Spain, 3-6, 6-1, 6-3.

SEMIFINALS

Davenport (4), def. Hingis (1), 6-2, 4-6, 6-4; Monica Seles (2), United States, def. Frazier, 6-0, 6-2.

SOCCER

ENGLISH PREMIER LEAGUE
Barnsley 1, West Ham 2
Blackburn 1, Derby 0
Coventry 3, Chelsea 2
Everton 1, Crystal Palace 2
Leeds 1, Arsenal 1
Leicester 1, Aston Villa 0
Newcastle 2, Sheffield Wednesday 1
Southampton 0, Bolton 1
Wimbledon 1, Liverpool 1
Tottenham 0, Manchester United 2

STANDINGS: Manchester United 3 points. Coventry 3, Crystal Palace 3, Newcastle 3, West Ham 3, Blackburn 3, Bolton 3, Leicester 3; Arsenal 1, Leeds 1, Liverpool 1, Wimbledon 1; Chelsea 0, Barnsley 0, Everton 0, Sheffield Wednesday 0, Aston Villa 0, Derby 0, Southampton 0, Tottenham 0.

FRENCH FIRST DIVISION
Bastia 1, Guingamp 0
Monaco 2, Chateauroux 2
Cannes 0, Toulouse 1
Metz 4, Bordeaux 1
Marseille 1, Nantes 0
Le Havre 4, Montpellier 0
Strasbourg 2, Lens 1

STANDINGS: Metz 6 points, Paris St Germain 6, Marseille 6, Bastia 6, Toulouse 6; Strasbourg 4; Le Havre 3, Lens 3, Lyon 3, Guingamp 3, Bordeaux 3; Monaco 1, Chateauroux 1, Montpellier 1; Nantes 0, Cannes 0, Auxerre 0, Rennes 0.

GERMAN BUNDESLIGA
VfB Stuttgart 1, Bayer Leverkusen 0
Bochum 0, Duisburg 0
Hertha Berlin 2, B. Moenchengladbach 2

STANDINGS: Kaiserslautern 6 points; Borussia Dortmund 4, Karlsruhe 4, Wolfsburg 4, Bochum 4, Duisburg 4, VfB Stuttgart 4; Arminia Bielefeld 3, Schalke 3, Bayer Leverkusen 3, Borussia Moenchengladbach 3, Cologne 3; Hamburg 2, 1860 Munich 2, Hertha Berlin 2; Bayern Munich 1, Hansa Rostock 1, Werder Bremen 1.

CENTENARY CUP
FINAL
Atl. Mineiro (Brazil) 2, Cruzeiro (Brazil) 1

MAJOR LEAGUE SOCCER
Washington D.C. 4, Los Angeles 2
Kansas City 2, Tampa Bay 0
Colorado 3, New England 0
San Jose 2, Columbus 1

Eastern Conference— D.C. 42 points; Tampa Bay 33; New England 28; Columbus 23; NY-NJ 19. Western Conference— Kansas City 38; Colorado 32; Dallas 30; Los Angeles 25; San Jose 21.

INTERNATIONAL FRIENDLY
Brazil 2, South Korea 1

TRACK & FIELD

WORLD CHAMPIONSHIPS

MEN
MARATHON
FINAL

1, Abel Anton, Spain, 2 hours, 13 minutes, 16 seconds; 2, Martin Fiz, Spain, 2:13:21; 3, Stephen Moneghetti, Australia, 2:14:16; 4, Danilo Goffi, Italy, 2:14:47; 5, Luiz Dos Santos A., Brazil, 2:15:31; 6, Fabian Roncero, Spain, 2:16:53; 7, Giacomo Leone, Italy, 2:17:16; 8, Azzedine Sakhri, Algeria, 2:17:44; 9, Eduard Tukhbatulin, Russia, 2:17:44; 10, Antonio Rodrigues, Portugal, 2:17:54; 11, Philippe Remond, France, 2:18:19; 12, Xolile Yawa, South Africa, 2:18:37; 13, Dave Scudamore, United States, 2:18:41; 14, Willy Kalombo, Congo, 2:19:18; 15, Jose Garcia Manuel, Spain, 2:19:31; 16, Bruce Deacon, Canada, 2:20:29; 17, David Buzza, Britain, 2:20:34; 18, Jose Molina, Costa Rica, 2:20:55; 19, Nikolaos Polias, Greece, 2:21:03; 20, El Damaoui Mostafa, Morocco, 2:21:05.

DISCUS
FINAL

1, Lars Riedel, Germany, 68.54 meters; 2, Virgilijus Alekna, Lithuania, 66.70; 3, Juergen Schult, Germany, 66.14; 4, Vladimir Dubrovshchik, Belarus, 66.12; 5, John Godina, U.S., 65.40; 6, Andreas Seelig, Germany, 64.48; 7, Adam Setliff, U.S., 63.44; 8, Robert Weir, Britain, 63.06; 9, Jason Tunks, Canada, 62.30; 10, Vitaliy Sidorov, Ukraine, 60.32; 11, Vasili Kaptyukh, Belarus, 60.12; 12, Aleksander Tammert, Estonia, 59.44.

POLE VAULT
FINAL

1, Sergei Bubka, Ukraine, 6.01 meters; 2, Maksim Tarasov, Russia, 5.96; 3, Dean Starkey, U.S., 5.91; 4, Tim Lobinger, Germany, 5.80; 5, Nicholas Buckfield, Britain, 5.70, 6, Pat Manson, U.S., 5.70, 7, Vadim Strogalyov, Russia, 5.70, 8, Yevgeny Smiryagin, Russia, 5.70; 9 equal, Martin Eriksson, Sweden, 5.50, 9 equal, Danny Krasnov, Israel, 5.50, 11, Trond Barthel, Norway, 5.50; Riaan Botha, South Africa, no mark recorded.

5,000 METERS
FINAL

1, Daniel Komen, Kenya, 13 minutes, 07.38 seconds; 2, Khalid Boulami, Morocco, 13:09.34; 3, Tom Nyariki, Kenya, 13:11.09; 4, Ismail Sghyr, Morocco, 13:17.45; 5, Dieter Baumann, Germany, 13:17.64; 6, Bob Kennedy, U.S., 13:19.45; 7, El Hassan Lahssini, Morocco, 13:20.52; 8, Enrique Molina, Spain, 13:24.54; 9, Manuel Pancorbo, Spain, 13:25.78; 10, Fita Bayissa, Ethiopia, 13:25.98; 11, Abdellah Behar, France, 13:29.10; 12, Worku Bikila, Ethiopia, 13:30.02; 13, Paul Bitok, Kenya, 13:30.25; 14, Dionisio Castro, Portugal, 13:31.74; 15, Pablo Olmedo, Mexico, 14:05.59.

4x100 METER RELAY
FINAL

1, Canada 37.86 seconds (Robert Esmie, Glenroy Gilbert, Bruny Surin, Donovan Bailey); 2, Nigeria 38.07 (Osmond Ezinwa, Olapade Adeniken, Francis Obikwelu, Davidson Ezinwa); 3, Britain 38.14 (Dwain Chambers, Darren Campbell, Douglas Walker, Julian Golding); 4, Cuba 38.15; 5, Ghana 38.26; 6, Brazil 38.48; 7, Spain 38.72; 8, France 39.26.

4x400 METER RELAY
FINAL

1, United States 2 minutes, 56.47 seconds (Jerome Young, Antonio Pettigrew, Chris Jones, Tyree Washington); 2, Britain 2:56.65 (Iwan Thomas, Roger Black, Jamie Baulch, Mark Richardson); 3, Jamaica 2:56.75 (Michael McDonald, Gregory Haughton, Danny McFarlane, Davian Clarke) ; 4, Poland 3:00.26; 5, South Africa 3:00.26; 6, France 3:01.06; 7, Zimbabwe 3:01.43; 8, Italy 3:01.52.

WOMEN
JAVELIN
FINAL

1, Trine Hattestad, Norway, 68.78 meters; 2, Joanna Stone, Australia, 68.64; 3, Tanja Damaske, Germany, 67.12; 4, Mikaela Ingberg, Finland, 66.00; 5, Felicia Tilea, Romania, 64.90; 6, Sonia Bisset, Cuba, 63.80; 7, Osleidis Menendez, Cuba, 63.76; 8, Tatyana Shikolenko, Russia, 63.76; 9, Oksana Ovchinnikova, Russia, 62.92; 10, Heli Rantanen, Finland, 62.64; 11, Mirela Manjani-Tzelili, Greece, 61.02; 12, Rita Ramanauskaite, Lithuania, 57.38.

LONG JUMP
FINAL

1, Liudmila Galkina, Russia, 7.05 meters; 2, Niki Xanthou, Greece, 6.94; 3, Fiona May, Italy, 6.91; 4, Heike Drechsler, Germany, 6.89; 5, Jackie Joyner-Kersee, United States, 6.79; 6, Susan Tiedtke-Greene, Germany, 6.78; 7, Viktoriya Vershinina, Ukraine, 6.71; 8, Erica Johansson, Sweden, 6.64; 9, Magdalena Khristova, Bulgaria, 6.64; 10, Marion Jones, United States, 6.63; 11, Sharon Jaklofsky, Netherlands, 6.61; 12, Chioma Ajunwa, Nigeria, 5.21.

HIGH JUMP
FINAL

1, Hanne Haugland, Norway, 1.99 meters; 2 equal, Olga Kaliturina, Russia, 1.96, 2 equal, Inga Babakova, Ukraine, 1.96, 4, Yulia Lyakhova, Russia, 1.96; 5 equal, Kajsa Bergqvist, Sweden, 1.93, 5 equal, Tatyana Motkova, Russia, 1.93, 7 equal, Alina Astafei, Germany, 1.93, 7 equal, Britta Bilac, Slovenia, 1.93, 7 equal, Antonella Bevilacqua, Italy, 1.93; 10 equal, Heike Balck, German, 1.90, 10 equal, Hestrie Storbeck, South Africa, 1.90, 12, Pia Zinck, Denmark, 1.90.

MARATHON
FINAL

1, Hiromi Suzuki, Japan, 2 hours, 29 minutes, 48 seconds; 2, Manuela Machado, Portugal, 2:31:12; 3, Lidia Simon, Romania, 2:31:55; 4, Takako Tobise, Japan, 2:32:18; 5, Ornella Ferrara, Italy, 2:33:10; 6, Iris Biba, Germany, 2:34:06; 7, Sonja Oberem, Germany, 2:35:28; 8, Franziska Rochat-Moser, Switzerland, 2:36:16; 9, Yelena Razdrogina, Russia, 2:36:37; 10, Nobuko Fujimura, Japan, 2:36:51; 11, Anuta Catuna, Romania, 2:38:38; 12, Maria Polizoo, Greece, 2:39:10; 13, Franca Fiacconi, Italy, 2:39:53; 14, Christine Mallo, France, 2:40:55; 15, Elfenesh Alemu, Ethiopia, 2:41:00; 16, Grete Kirkeberg, Norway, 2:41:05; 17, Maryse Le Gallo, France, 2:41:08; 18, Aurica Buia, Romania, 2:41:45; 19, Mariko Hara, Japan, 2:42:00; 20, Heather Turland, Australia, 2:42:12.

5,000 METERS
FINAL

1, Gabriela Szabo, Romania, 14 minutes, 57.68 seconds; 2, Roberta Brunet, Italy, 14:58.29; 3, Fernanda Ribeiro, Portugal, 14:58.85; 4, Paula Radcliffe, Britain, 15:01.74; 5, Lydia Cheromei, Kenya, 15:07.88; 6, Liu Jianying, China, 15:10.64; 7, Libbie Hickman, United States, 15:11.15, 8, Harumi Hiroyama, Japan, 15:21.19; 9, Wei Li, China, 15:24.04; 10, Merima Denboba, Ethiopia, 15:27.76; 11, Kate Anderson, Australia, 15:27.78; 12, Ayelech Worku, Ethiopia, 15:28.07; 13, Naoko Takahashi, Japan, 15:32.83; 14, Gunhild Halle, Norway, 15:37.85; 15, Yuko Kawakami, Japan, 15:45.48.

100 METER HURDLES
FINAL

1, Ludmila Engquist, Sweden, 12.50 seconds; 2, Svetla Dimitrova, Bulgaria, 12.58; 3, Michelle Freeman, Jamaica, 12.61; 4, Brigita Bukovec, Slovenia, 12.69; 5, Dionne Rose, Jamaica, 12.87; 6, Katie Anderson, Canada, 12.88; 7, Svetlana Laukhova, Russia, 12.98; Patricia Girard, France, disqualified.

4x100 METER RELAY
FINAL

1, United States (Chryste Gaines; Marion Jones; Inger Miller; Gail Devers), 41.47 seconds; 2, Jamaica (Beverly McDonald; Merlene Frazer; Juliet Cuthbert; Beverly Grant), 42.10; 3, France (Patricia Girard; Christine Arron; Delphine Combes; Sylvianne Felix), 42.21; 4, Germany (Melanie Paschke; Esther Moller; Birgit Rockmeier; Andrea Philipp), 42.44; 5, Russia (Olga Povtareva; Galina Malchugina; Marina Trandenkova; Yekaterina Leshchova), 42.50; 6, Bahamas (Eldece Clarke; Sevatheda Fynes; Debbie Ferguson; Pauline Davis), 42.77; 7, Nigeria (Beatrice Utondu-Okoye; Endurance Ojokolo; Angela Atede; Faliat Ogunkoya), 43.27; 8, China (Pei Fang; Yan Jiankui; Liu Xiaomei; Li Xuemei), 43.32.

4x400 METER RELAY
FINAL

1, Germany 3:20.92 seconds (Anke Feller, Uta Rohlander, Anja Rucker, Grit Breuer); 2, United States 3:21.03 (Maicel Malone-Wallace, Kim Graham, Kim Batten, Jearl Miles-Clark); 3, Jamaica 3:21.30 (Inez Turner, Lorraine Graham, Deon Hemmings, Sandie Richards); 4, Russia 3:21.57; 5, Czech Republic 3:23.73; 6, Britain 3:26.27; 7, Nigeria 3:30.04; 8, Italy 3:30.63.

MEDALS TABLE

Nation	G	S	B	Total
United States	7	3	8	18
Germany	5	1	4	10
Cuba	4	1	1	6
Kenya	3	2	2	7
Ukraine	2	4	1	7
Morocco	2	1	1	4
Czech Rep.	2	0	0	2
Norway	2	0	0	2
Russia	1	4	3	8
Spain	1	3	1	5
Australia	1	1	2	4
Italy	1	1	1	3
Romania	1	1	1	3
Canada	1	1	0	2
Poland	1	1	0	2
South Africa	1	1	0	2
France	1	0	1	2
Japan	1	0	1	2
Mexico	1	0	1	2
Denmark	1	0	0	1
Ethiopia	1	0	0	1
New Zealand	1	0	0	1
Sweden	1	0	0	1
Trinidad	1	0	0	1
Britain	0	5	1	6
Jamaica	0	3	4	7
Belarus	0	2	2	4
Greece	0	1	1	2
Lithuania	0	1	1	2
Bulgaria	0	1	0	1
Finland	0	1	0	1
Namibia	0	1	0	1
Nigeria	0	1	0	1
Sri Lanka	0	1	0	1
Uganda	0	1	0	1
Bahamas	0	0	1	1
Brazil	0	0	1	1
Mozambique	0	0	1	1
Slovakia	0	0	1	1
Switzerland	0	0	1	1

TRANSITIONS

BASEBALL
AMERICAN LEAGUE

BALTIMORE—Signed OF Darnell McDonald.

MILWAUKEE—Put OF Matt Mieske on 15-day disabled list. Recalled OF Brian Banks from Tucson, PCL.

OAKLAND—Put INF Scott Brosius, OF Jose Canseco on 15-day disabled list. Recalled INF Mark Bellhorn from Edmonton, PCL. Claimed RHP John Johnstone off waivers from San Francisco Giants. Transferred OF Damon Mashore from 15-day to 60-day disabled list.

SEATTLE—Optioned RHP Felipe Lira to Everett, NL. Recalled RHP Ken Cloude from Memphis, SL.

NATIONAL LEAGUE

CINCINNATI—Put LHP Pete Schourek on 15-day disabled list, retroactive to July 31. Put RHP Dave Burba on 15-day disabled list. Optioned OF Curtis Goodwin to Indianapolis, AA. Promoted OF Chris Stynes from Indianapolis. Called up RHP Gabe White and LHP Pedro A. Martinez from Indianapolis.

N.Y. METS—Optioned INF Jason Hardtke to Norfolk, IL. Recalled LHP Ricardo Jordan from Norfolk.

PITTSBURGH—Traded RHP Hal Garrett to Los Angeles Dodgers for 1B Eddie Williams.

BASKETBALL
NATIONAL BASKETBALL ASSOCIATION

HOUSTON—Agreed to terms with G Eddie Johnson on 1-year contract.

VANCOUVER—Acquired F Otis Thorpe from Detroit Pistons for 1st-round draft choice between 1998 and 2003. Renounced rights to G Greg Anthony.

FOOTBALL
NATIONAL FOOTBALL LEAGUE

CINCINNATI—Released WR Kevin Jordan and WR Damon Daniels.

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1993. WADKIN'S SACRIFICE MOTIVATES U.S. VICTORY.
Written with R. Simmons. Designed & Illustrated by Dave F Smith © International Herald Tribune / Professional Sports Partnerships Ltd.

SPORTS

Villeneuve Wins Hungarian Prix

Canadian Passes Damon Hill on Last Lap, as Briton's Car Fails

The Associated Press

BUDAPEST — Jacques Villeneuve of Canada overtook the defending world champion, Damon Hill of Britain, on the final lap Sunday to win the Hungarian Grand Prix.

Hill had led for much of the race and had a 34-second lead with three laps to go, but then slowed dramatically with throttle and gear problems.

Villeneuve, driving for Williams-Renault, cut 10 seconds off the lead in the 75th of 77 laps. He then gained another 20 seconds in the 76th lap and went on to win by nine seconds over Hill, who was bidding for his first victory with his Arrows-Yamaha team.

"I was really thinking about winding down for the last three laps, but I didn't think about winding down as much as that," Hill said. "With about three laps to go I had a throttle problem. Then my gears went and I wasn't able to use the throttle. At one point I was stuck in second. And that was that."

Villeneuve had to swerve onto the grass to pass Hill, who was moving from side-to-side to control his car.

"He was worth a win today," Villeneuve said of Hill. "He drove well and was really flying. But where I am concerned, it's much better for us this way because we are fighting for the championship."

Johnny Herbert, in a Sauber-Petronas, was third, 20 seconds behind Hill.

Michael Schumacher of Germany, who had the pole position, was fourth, 30.5 seconds back and just ahead of his brother, Ralf, in a Jordan-Peugeot. Schumacher now has 56 points in the season standings, leading Villeneuve by three with six races left.

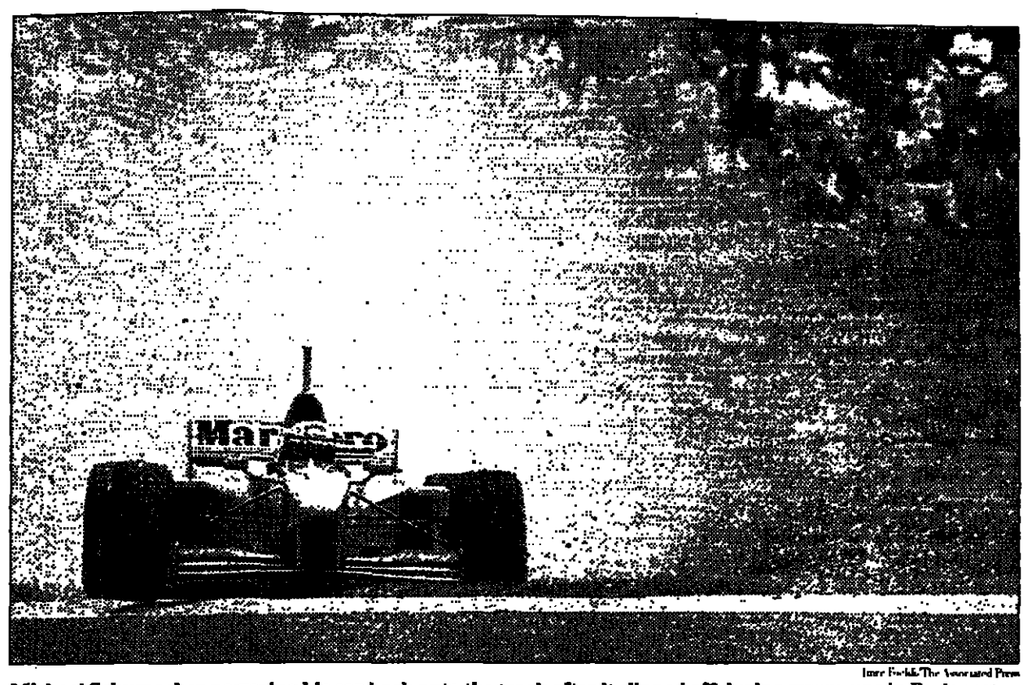
Villeneuve was timed in 1 hour, 45 minutes, 47.14 seconds for the 77 laps that covered a distance of 303.53 kilometers (188.18 miles). He averaged 173.29 kilometers an hour (107.4 miles an hour).

Hill started in third place on the grid and beat Villeneuve to the first corner, trailing only Schumacher after the first lap. After five laps, Schumacher slowed slightly, and after 10 laps there were six cars within three seconds of each other.

Hill darted past Schumacher at the end of the 10th lap, making a move on the inside just after the start-finish line. By the end of the lap he had opened up a 2.6-second lead.

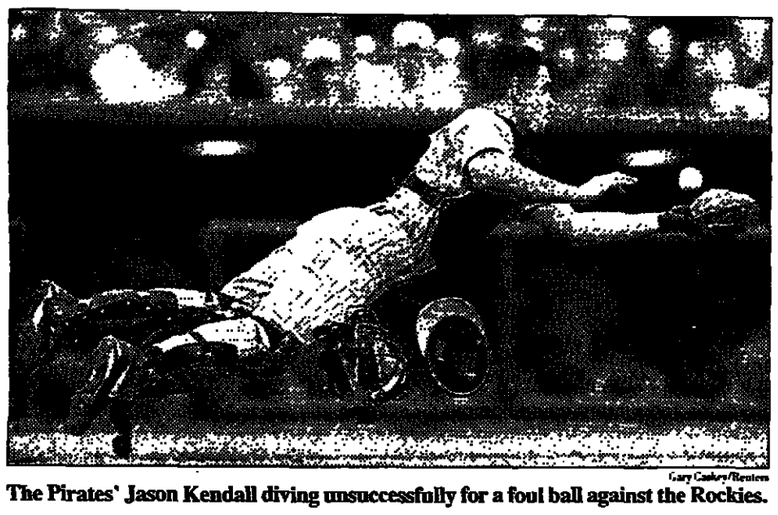
Heinz-Harald Frentzen took the lead after Villeneuve and Hill took pit stops and held first place for four laps. But after the 28th lap, a burst of flame came from Frentzen's engine. He drove to the pits and stayed there. It was the third consecutive race that his Williams-Renault had failed to finish.

After taking a 12-second lead over Villeneuve, Hill moved it up to almost 24 seconds at the end of 51 laps when both hit the pits again. The Briton then moved the margin over Villeneuve to 30 seconds with 15 laps to go and held most of it until the final three laps. "My hopes were going down to nothing," Villeneuve said. "Then the team told me he was slowing down a lot."



Imre Foldi/The Associated Press

Michael Schumacher powering his car back onto the track after it slipped off during warm-ups in Budapest.



Gary Caskey/Reuters

The Pirates' Jason Kendall diving unsuccessfully for a foul ball against the Rockies.

Tigers' Pinch Hitters Doom the Blue Jays

The Associated Press

Orlando Miller hit a pinch-hit, two-run double in the eighth inning Sunday to lift the Detroit Tigers to a 4-2 victory over the Toronto Blue Jays.

Robert Person (5-8), who took the loss, hit Damion Easley to start the eighth, and Phil Nevin followed with a walk. Jody Reed, a pinch-hitter, added a sacrifice bunt to move both runners into scoring position. Miller then lined the first pitch by Dan Plesac, who had come on in relief, to left field. Detroit added a run in the ninth on Bob Hamelin's 14th homer.

Justin Thompson (11-8) allowed two runs on eight hits while striking out five and walking two — one intentionally — in his third complete game of the season.

Rangers 7, Indians 6 Warren Newson hit two of Texas's five solo home runs and the Rangers beat host Cleveland.

Rusty Greer, Juan Gonzalez and Lee Stevens also hit solo shots for the Rangers. Brian Giles and David Justice homered for Cleveland. Giles hit a two-run homer with two outs in the ninth off John Wetteland. Omar Vizquel followed with a double, but Wetteland struck out Manny Ramirez for his 25th save. Matt Whiteside (2-1) pitched two scoreless innings.

In games played Saturday:

Yankees 4, Twins 1 Brad Radke's winning streak ended at 12 consecutive starts when Luis Sojo doubled home the go-ahead run in the eighth inning, sending New York past Minnesota.

Radke, one of only three pitchers since 1950 to win 12 straight starts, had his streak snapped one victory short of matching Ellis Kinder's 13-game run in 1949.

Radke (16-6), whose winning streak was the longest in the majors this season, also failed to break the Twins' record for consecutive victories. He shares it with Scott Erickson, who won 12 in 1991.

AL Roundup

Playing before a home crowd of 42,151, the second-largest audience of the season at the Metrodome, Radke allowed two runs and six hits in eight innings, walking one and striking out seven.

White Sox 5, Mariners 2 Ken Cloude, making his major-league debut, took a perfect game into the sixth inning and held Chicago hitless until the seventh before the White Sox rallied to beat the host Mariners.

Cloude (0-1) had never pitched above Double-A before being called up from Memphis last Thursday to take the No. 5 spot in the Mariners' rotation. The 22-year-old right-hander retired the first 16 batters he faced before walking Mario Valdez with one out in the sixth. His bid to become the first pitcher in modern history to throw a no-hitter in his big league debut ended when Dave Martinez led off the seventh with a clean single to center.

Rangers 4, Indians 3; Indians 4, Rangers 2 David Justice hit two solo home runs, leading host Cleveland over Texas for a split of their day-night doubleheader.

Justice homered in the fourth for a 2-1 lead. He then led off the seventh with his 21st homer, giving Cleveland a 3-2 edge. Both shots came off Eric Moody (0-1). Jose Mesa earned his first save since April 24.

The Rangers won the opener behind the pitching of Terry Clark, claimed last Tuesday on waivers from Cleveland.

Tigers 3, Blue Jays 2 Detroit won its 54th game, surpassing last season's total, as Tony Clark had three hits in a victory over host Toronto. The Tigers improved to 54-60. They had the worst record in the majors last year at 53-109.

Royals 9, Red Sox 2 Dean Palmer's two-run single capped Kansas City's biggest inning of the season — an eight-run fourth — as the visiting Royals beat Boston.

Athletics 3, Brewers 2 Ernie Young doubled in a pinch-runner, Tilson Brito, to break an eighth-inning deadlock and lead host Oakland past Milwaukee. Oakland matched its season-high three-game winning streak and sent Milwaukee to its fourth straight loss.

Angels 4, Orioles 3 Darin Erstad snapped an eighth-inning tie with a two-out RBI single and Dave Hollins doubled in two more valuable insurance runs as Anaheim defeated visiting Baltimore. Chuck Finley won his ninth straight start for the Angels.

Orlando Palmeiro singled with one out in the eighth off Arthur Rhodes (7-3) and was forced on a grounder by Gary DiSarcina, who stole second to prompt an intentional walk to Tony Phillips before Erstad's base hit. Hollins followed with his two-run double to make it 4-1.

Braves' Wohlers Comes Up Big in 9th

The Associated Press

Mark Wohlers struck out Jim Eisenreich and Devon White with runners on second and third to end the game as the Atlanta Braves put a temporary halt to the Florida Marlins' surge in the NL East, 4-3.

The Marlins had won the opener of the four-game series in Atlanta, and the Braves' victory Saturday was only their third in 10 tries this season against Florida. John Smoltz (11-9) gave up two runs and struck out nine in eight innings. He also laid down a run-scoring squeeze bunt that capped a three-run sixth as Atlanta overcame a 2-1 deficit.

Javy Lopez, who had three hits, singled home the tying run against Rob Stanifer (1-1). Mark Lemke followed with an RBI single, and Smoltz bunted for a 4-2 lead.

Rockies 8, Pirates 7 Larry Walker hit two home runs and then doubled in the ninth inning to set up Andres Galarraga's game-winning single as host Colorado edged Pittsburgh.

With one out in the ninth, Quinton McCracken walked and Walker had a broken-bat double down the left field line, chasing Ricardo Rincon (4-6). Galarraga greeted Rich Loiselle with a sharp single to right.

Walker went 3-for-5 with three RBIs and raised his major-league-leading average to .389. Mike Munoz (2-3) got the victory.

Astros 8, Mets 3 Mel Rojas, acquired a day earlier to bolster the Mets' weak bullpen, gave up five runs in the ninth inning — capped by Jeff Bagwell's second homer — as visiting Houston beat New York.

The NL Central-leading Astros ended their longest losing streak of the season at five.

Rojas (0-5), obtained with reliever Turk Wendell in a six-player deal that sent Lance Johnson to the Chicago Cubs, made his Mets debut in the eighth and retired all three batters. But in the ninth, he gave up a leadoff triple to Tim Bogar and an infield single to Chuckie Carr that put the Astros ahead, 4-3. Derek Bell added an RBI single, and Bagwell hit his 31st home run.

Rojas, who had just 13 saves in 19 chances as the Cubs' closer, was booed by the Shea Stadium crowd as he left the mound. Wendell pitched a scoreless seventh inning, helped by a sensational double play turned by shortstop Rey Ordonez. Russ Springer (2-3) was the winner.

NL Roundup

Expos 2, Giants 1 Pedro Martinez pitched a four-hitter for his major-league-leading 11th complete game, and Jose Vidro won it with a pinch-hit infield single in the ninth as host Montreal defeated San Francisco.

Martinez (14-5) allowed just one run in pitching his third consecutive complete game, lowering his league-leading ERA to 1.72. He struck out eight and walked two in matching his career high for victories in a season, set in 1995.

With the game at 1-1, Mark Grudzielanek led off the Expos' ninth with a single off Roberto Hernandez (1-1). Grudzielanek stole second and went to third on Darrin Fletcher's groundout. After Doug Strange was walked intentionally, the Giants brought the infield in.

Vidro, pinch-hitting for Martinez, hit a chopper to second baseman Jeff Kent, and Grudzielanek broke for home, sliding in head first just ahead of the tag.

Phillies 3, Cardinals 2 Ricky Bottalico and the Phillies benefited from an interference call in the ninth inning to preserve their victory over host St. Louis.

Gary Gaetti drew a leadoff walk from Bottalico in the ninth. Gaetti then apparently stole second, but the batter, John Mabry, was called out by the plate umpire, Eric Gregg, for interfering with catcher Mike Lieberthal. Gaetti was sent back to first, and Bottalico got the last two outs for his 22d save.

Bottalico struck out Mark McGwire with a runner at first to end the eighth. The Cardinals' manager, Tony LaRussa, was ejected by Gregg for arguing the called third strike.

The Phillies won for the ninth time in 12 games. The Cardinals have lost eight of 11 and fallen 8½ games behind Houston in the NL Central.

Tyler Green (3-1), sidelined the entire 1996 season because of a shoulder injury, won his third straight start.

Reds 3, Dodgers 2 Reggie Sanders hit a tie-breaking homer and Gabe White got his first major-league victory in two years as host Cincinnati beat Los Angeles. The Dodgers lost for only the fourth time in 14 games.

Sanders's solo homer, his 14th, snapped a 2-2 tie in the sixth inning. It was the only extra-base hit off Ismael Valdes (3-10), who gave up seven hits and struck out seven in 7⅓ innings.

White, making his first appearance since the end of the 1995 season, held the Dodgers to a pair of runs on five hits in seven innings. He struck out five.

Padres 7, Cubs 5 A pinch-hitter, Mark Sweeney, singled home the go-ahead run in the seventh inning as visiting San Diego beat Chicago.

Lance Johnson, traded to Chicago from the Mets on Friday, went 2-for-5 in his debut for the Cubs. With the score tied at 5-5, Greg Vaughn led off the Padres' seventh with a single. Two outs later, Sweeney lined a single just out of the reach of third baseman Kevin Orie.

■ Gwynn Hospitalized

Tony Gwynn, the seven-time batting champion who is hitting .383, had kidney stones removed Sunday, The Associated Press reported from Chicago.

Gwynn, the San Diego Padres outfielder, checked into Northwestern Memorial Hospital on Saturday, missing that day's game against the Chicago Cubs and the one on Sunday. He is expected to return to San Diego on Monday.

Broncos Don't Miss Elway in 23-13 Victory

The Associated Press

Six days after they lost John Elway to injury, the Denver Broncos sidelined Carolina's Kerry Collins with a broken jaw in a 23-13 exhibition victory over the Panthers in Charlotte, North Carolina.

The Broncos got a solid performance from their backup quarterback, Jeff Lewis, who completed 8-of-18 for 90 yards and a touchdown.

NFL Roundup

49ers 21, Seahawks 17 Although Jon Kitna, the Seahawks' backup quarterback, gave Seattle a late lead, Jeff Brohm, the 49ers' second-string quarterback, gave San Francisco the last lead.

Brohm threw a 1-yard touchdown pass to Chadd Fann with 12:32 remaining, and the 49ers beat the Seahawks in an exhibition game that marked the home debut of the Niners' new coach, Steve Mariucci.

Steve Young played into the second quarter, completing 7-of-14 passes for 33 yards, including a 6-yard scoring pass to Jerry Rice.

Chargers 23, Colts 17 Stan Humphries threw an 80-yard touchdown pass to Tony Martin and Gary Brown scored on a 62-yard run out of the shotgun formation as San Diego beat visiting Indianapolis.

Redskins 18, Oilers 12 James Thrash returned a third-quarter kickoff 96 yards for a touchdown for Washington, which ruined Tennessee's first game in Nashville, its eventual home town.

The Oilers attracted only a few more fans than they did for last week's opener at Memphis — 24,722 compared with 22,811.

Saints 26, Chiefs 7 Doug Brien and John Becksvoort each kicked two field goals and second-string quarterback Doug Nussmeier threw two touchdown passes as New Orleans beat Kansas City.

Jaguars 38, Giants 16 Taking over at quarterback for Jacksonville after Mark Brunell was hurt, Rob Johnson threw two long touchdown passes and set up a score with another long toss as the Jaguars beat the Giants at New York.

Falcons 17, Buccaneers 12 Atlanta stopper Tampa Bay eight times from the 1-yard line, six of those in the final two minutes, as Dan Reeves won his home opener as the Falcons' coach.



Mark Humphrey/The Associated Press

Washington's Brian Mitchell hurtling through the Oilers' defense during the Redskins' victory in Nashville.

THIS WEEK ON EUROSPORT

How will Japan combat the skilful Brazilians in this World Cup friendly with their star studded line up of Ronaldo and Romario?

Football:

13 August, LIVE,
Japan vs Brazil, Osaka
Japan take on Brazil who will have the world's most expensive striker Ronaldo leading the attack.

Motorcycling:

17 August, LIVE, British Grand Prix, Donington
Britain's Jamie Robinson will look to produce some winning form on home soil in the 250cc series

Indy car:

17 August, LIVE, PPG CART Indycar World Series
Elkhart Lake, Wisconsin
As we head towards the end of the season, the battle for the Championship hots up.

Swimming:

13 - 17 August, LIVE,
European Championships,
Seville
Seville plays host to this year's European Championships.



Eurosport, the No 1 sports TV channel for Europe, covering the best action from Europe and around the world, is available via cable and satellite.

SOCCER Manchester United Opens Season With a Victory p.16 **MOTOR RACING** Villeneuve Grabs First Place on Final Lap p.17

Herald International Tribune
SPORTS
PAGE 18 MONDAY, AUGUST 11, 1997

WORLD ROUNDUP

Bucks for Maddux

BASEBALL Greg Maddux, the Atlanta pitcher, became baseball's highest-paid player when he signed a guaranteed five-year contract extension with the Braves that will pay him $57.5 million, or $11.5 million a year.

"They made me a nice deal," Maddux said Sunday. "I'd be a fool not to take it." *(AP)*



Barry Batchelor/Agence France-Presse
Ian Healey, who made 63 for Australia, hitting out Sunday.

Australia Keeps Ashes

CRICKET Australia demolished England on Sunday to win the fifth test by 264 runs and take an unbeatable 3-1 lead in the six-match series. The victory, in Nottingham, meant Australia keeps the Ashes, which it has held since 1989.

England needed to score 451 or to bat for a day and a half to draw. Instead it was all out for 186 in the penultimate over of the day. Graham Thorpe, not out on 82, was England's top scorer. Earlier, England's bowlers also performed badly as Australia reached 336.

• Sachin Tendulkar made 117 not out Sunday as India reached 226 for four wickets in reply to Sri Lanka's first innings of 332 on the second day of the second and final test in Colombo. *(Reuters)*

New Zealand Wins

RUGBY UNION New Zealand overwhelmed South Africa 55-35 in a hard-fought test match in Auckland on Saturday in the Tri-Nations competition.

New Zealand led 29-21 early in the second half when Andre Venter of South Africa was sent off for stamping on Sean Fitzpatrick's face. *(Reuters)*

Davenport Beats Hingis

TENNIS Martina Hingis lost for just the second time this year when she fell 6-2, 4-6, 6-4 to Lindsay Davenport in the semifinal of the Acura Classic in Manhattan Beach, California, on Saturday. Davenport blew a 5-0 lead and two match points in the third set before recovering.

"Everything hurts me right now," Hingis said. "I think I'll take a week off."

No. 2 seed Monica Seles routed Amy Frazier 6-0, 6-2 in the other semifinal.

• Fifth-seeded Thomas Muster of Austria upset No. 2 Michael Chang 6-3, 4-6, 7-6 (7-2) Saturday to move into the finals of the ATP Championship in Mason, Ohio. In the other semifinal, Pete Sampras beat 14th-seeded Albert Costa of Spain 6-3, 6-4. *(AP)*

Bubka Earns Place In Athens Pantheon

By Ian Thomsen
International Herald Tribune

ATHENS — Apparently Sergei Bubka had not heard that these were the transitional World Championships. With a pole vault of 6.01 meters, he claimed his sixth consecutive gold medal, one from every world championship yet held. It is one of the most staggering achievements in the history of track and field.

Bubka is 33, but if he wore his medals all at once he would walk with the posture of a much older man.

None of the other winners of the initial 1983 World Championships have been able to keep up with Bubka. Indeed, the reign of many relatively el-

WORLD ATHLETICS

derly champions came to an end as surely as these championships ended Sunday night with the largest scattering of medals ever.

Altogether, 200 countries were entered and a record 41 of them won medals. Russia won one gold medal, half as many as were won by Bubka's breakaway Ukraine. Morocco confirmed its place as an African power with four medals overall, half of them gold. In all, 25 countries won gold medals, but neither Britain nor Jamaica were among them.

The United States finished as the leader with seven gold medals and 18 overall. Yet the U.S. team also needed to win the final event of the 10-day meet, the men's 1600-meter relay, to avoid what would have been the worst showing in a major championship by an American team since the modern Olympics began in 1896. Twenty-year-old Tyree Washington, running in place of the injured Michael Johnson and Butch Reynolds, held off Mark Richardson of Britain to anchor a U.S. victory in 2 minutes 56.47 seconds, thereby surpassing the comparative disappointments of the 1972 and 1976 U.S. Olympic track teams, which each managed six gold, eight silver and eight bronze medals.

Bubka, after clearing vaults of 5.70 and 5.91 meters, found himself up against Maksim Tarasov of Russia and Dean Starkey of the United States in what amounted to a Cold War reunion reminiscent of Bubka's earlier years.

The Russian won the silver medal at 5.96 meters, but he could not match Bubka.

At this stage, his gold medal assured, Bubka had the bar set at 6.15 meters. It was held up there while the German anthem was played in honor of Lars Riedel, the 30-year-old discus champion who is the next-closest thing to Bubka at these championships, having won his fourth gold medal in a row with a throw of 68.54 meters.

Then Bubka made a run at what would have been the 36th world record of his remarkable career. It would have been the only world record of these championships, which have been disappointing in that sense. It was a tease. He pulled up short and then, to put everything in perspective, sat on a bench for the photographers and held up six fingers beneath his grin.

Spain was assured of its first gold medal as Abel Anton and Martin Fiz ran together Sunday morning within sight of the Panathinaikon stadium, where the first modern marathon had finished in the 1896 Olympics. They had begun in the ancient town of Marathon, just as the dying messenger Pheidippides had done in 490 B.C., when he ran to Athens with news of the Athenian victory over the Persian army.

When Anton made his move in the final kilometer, Fiz could not keep up. Anton won in two hours, 13 minutes, 16 seconds, five seconds ahead of his countryman, who was treated for dehydration.

The women's marathon was won Saturday morning by Hiromi Suzuki of Japan in 2 hours, 29 minutes, 48 seconds. In second place was Manuela Machado of Portugal, the defending champion who on June 20 had suffered a fractured sternum in an automobile accident.

After winning the gold and bronze medals in the 100 meters, the American men had been bragging in anticipation of recovering their 4x100 meters gold medal from the defending Olympic and world champions, the Canadians. They even predicted a world record. "Don't be surprised if it happens tonight," Drummond said, "and it's not even the final."

There was no such surprise. As Brian Lewis was completing the opening leg of the semifinal, the 100-meters bronze medalist, Tim Montgomery, seemed to take off too early. They could not complete the exchange in time and Greene, waiting on the anchor, never touched the baton.

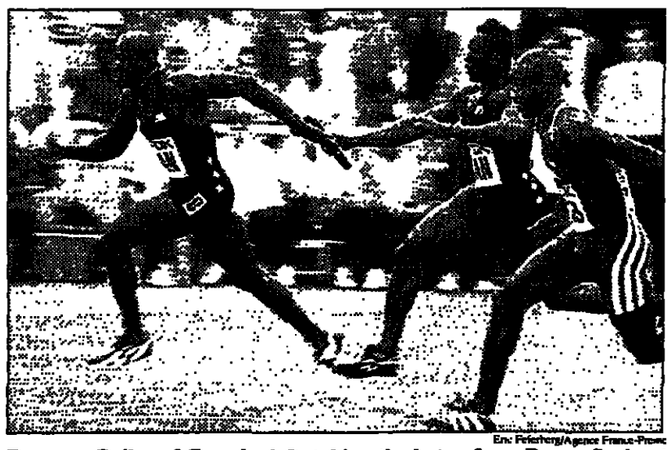
The U.S. men have now flubbed exchanges in the first round of the 1988 Olympics and the 1995 World Championships. At last year's Olympics they were simply beaten by Bailey and the Canadians — the first time the Americans had failed to win the 400-meter Olympic men's relay for reasons other than their own disqualification.

In their absence, the anchoring Bailey turned a close final into a clear-cut victory for the Canadians, whose time of 37.86 seconds was the fastest of the championships.

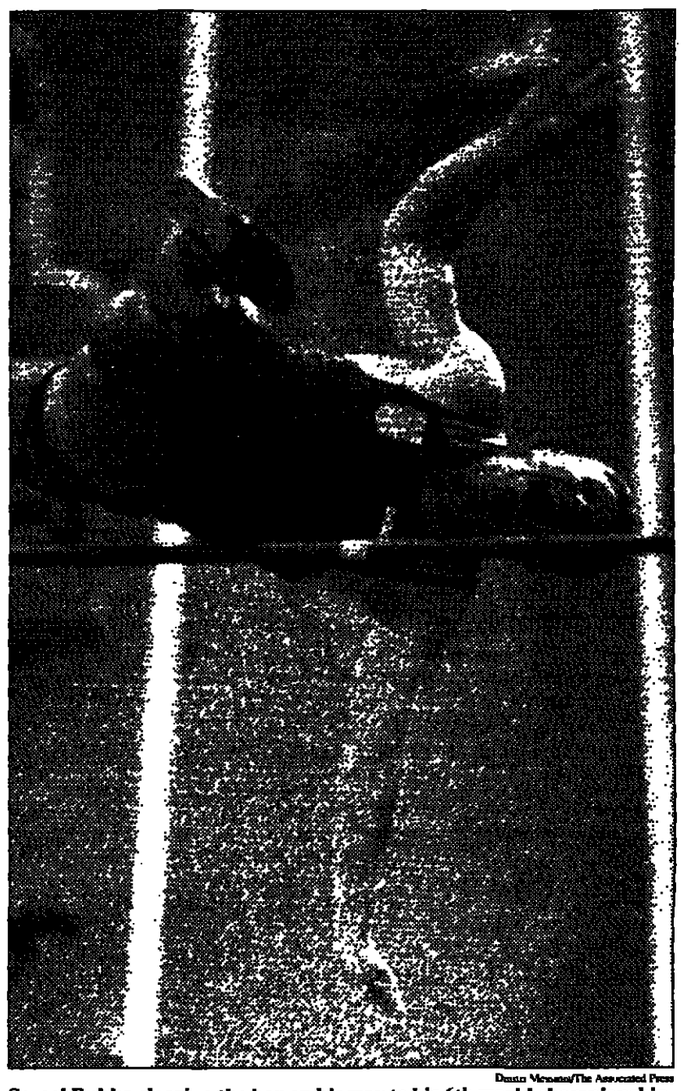
Germany won the women's 1600-meter relay on a terrific final leg by Grit Breuer, the former East German who was suspended in 1992 for three years after testing positive for banned substances along with Katrin Krabbe. Down the stretch, she broke inside of Jearl Miles-Clark of the runner-up U.S. team, and Sandie Richards of third-place Jamaica.

In the men's 5,000 meters, Daniel Komen of Kenya made things easy for himself when he broke free with one-third to go, winning his first, long-anticipated major championship with a time of 13 minutes 7.38 seconds.

"I have based my running on the pace and past feats of the great Kip Keino and Moses Kiptanui," said the 21-year-old Komen.



Eric Feferberg/Agence France-Presse
Donovan Bailey of Canada, left, taking the baton from Bruny Surin at the beginning of the last leg of the sprint relay Sunday. Canada won.



Dennis Mersereau/The Associated Press
Sergei Bubka clearing the bar on his way to his 6th world championship.

GAMES: *Stockholm Bomb Felt in Athens*

Continued from Page 1

The incidents have become a radical symbol of the anti-Olympic feelings of some Swedes at a time when their government is overhauling the social welfare state.

The most violent attack came Thursday night when the Stockholm bomb planter, having apparently hopped an unguarded fence, destroyed the press box of the 1912 Olympic Stadium.

The Stockholm police said the bombing was considered "an isolated incident" with "no signs indicating" it was an attempt to sabotage Stockholm's bid to be the sponsor of the Olympics.

Mr. Nebiolo responded by expressing his "sympathy" to Stockholm. The Swedes said it was a veiled attempt to exploit their predicament.

"Sympathy's all right," said Olof Stenhammar, head of the Stockholm bidding committee. "But if sympathy links these acts to the bid then we don't want sympathy, just to try to connect it to the bid."

Mr. Stenhammar would have been better to condemn Mr. Nebiolo more diplomatically.

His criticism forced Dr. Arne Ljungqvist, an IOC voter from Sweden and chairman of the IAAF medical and doping commissions, to express support for Mr. Nebiolo.

"I know Nebiolo and he is genuinely upset, no question about it, upset that a sports arena of that stature has been attacked," Mr. Ljungqvist said. "I think it's highly appropriate for him to make a statement on this matter."

It was pointed out, however, that only one rival bidder had expressed sympathy to Stockholm for the earlier arsons. That was Rome, whose bid Mr. Nebiolo is supporting.

The Swedes expressed hope that the attacks will become a rallying cry for their bid, saying that IOC members had told Stockholm not to give in to the bomber.

"Many Swedes are mad about this," said Mr. Stenhammar, who claimed that more than 70 percent of Swedes now support the Stockholm candidacy. "This is going too far. The 1912 stadium is a special historic site for Sweden and the people will not tolerate such an attack."

Athens's response to the Stockholm bombing was, disappointingly, to close its own ancient Olympic Stadium for the conclusion of the women's marathon Saturday morning. Only journalists and IAAF officials were allowed inside.

"Mayor Dimitris Avramopoulos closed the stadium to the public because of the bomb at the Olympic Stadium in Stockholm," said a spokesman of the IAAF. "When we got here this morning we could not get in and when we asked we were told of the mayor's decision."

It seemed to be an exaggerated reaction, one that served to draw attention to Stockholm's vulnerability — unless, of course, the mayor had information suggesting that the bombers would strike in Athens next. The local organizers issued a contradictory statement claiming that the decision to close the stadium "was not related to any concerns about security." No further explanation was given.

Before the latest attack in Stockholm, the main event of the World Championships had been a bickering match between Mr. Nebiolo and the local organizers.

Last week Mr. Nebiolo was quick to criticize Athens for producing small crowds. The Athenians responded by accusing Mr. Nebiolo of trying to sabotage Athens's bid to win the 2004 election.

By midweek, the Athens Olympic Stadium was almost full and Mr. Nebiolo responded at a press luncheon Sunday by referring to these Sixth World Championships as "the best-ever organized."

Indeed, the Greek organizers outdid themselves in terms of security and attention to detail.

When asked whether the credit should go to himself or to the Greeks, however, Mr. Nebiolo said that the success had resulted from a "common work" — but he pointedly did not mention the name of Athens.

Russian Loses Silver As Result of Drug Test

Reuters

ATHENS — The Russian who won the silver medal in the 10-kilometer walk, Olympiada Ivanova, became the second athlete to be stripped of a world championship medal for using drugs. She faces a two-year ban from the sport.

Team sources said Sunday that Ivanova, who finished second in the race Thursday, had tested positive for steroids along with her compatriot, Lyubov Tsyoma. Ivanova, 27, also will lose her $30,000 prize. Under IAAF rules, both athletes will be banned for two years, the minimum penalty for a serious doping offense.

Ivanova was the second medalist to test positive after the world shotput champion, Alexander Bagach of Ukraine. Bagach was stripped of his gold medal after testing positive for the stimulant ephedrine, but he escaped with a public warning because the drug is not regarded as being as serious as steroids.

Olga Kardopoltseva of Belarus, who finished third, was awarded the silver medal in the 10-kilometer walk. Her compatriot Valentina Tsybulskaya received the bronze.

At 34, Cuban Is Still Fastest In 800 Meters

By Ian Thomsen
International Herald Tribune

ATHENS — With her last steps, Ana Fidelia Quirot extended her career as so many of her peers have been unable to do at these World Championships. At 34, she left Maria Mutola of Mozambique behind to defend her 800-meters title in 1 minute, 57.14 seconds.

"I was thinking all night about the race and couldn't sleep," Quirot said after her victory Saturday. Her ambition as well as her unstinting allegiance to Fidel Castro, for whom she was named, and "who I love like a father" — these were her only touches of innocence. She seemed to be running through a forest but she could not escape the dimpling patches of sunlight, the scars where the flames licked four years ago in the house fire that killed her unborn baby.

As Quirot threw celebratory punches at the air Saturday night, she became the ultimate example of that which does not kill you. She completed her victory lap barefoot and walking almost abnormally, so massive were her thighs.

"I think an athlete has to know when to retire, but I won't stop anytime soon," she said. "I don't like to be second, so I will continue as long as I can win the big races."

On the other side of the Olympic Stadium the rivalry between Jackie Joyner-Kersee, 35, and the 32-year-old German Heike Drechsler was ending quietly. Drechsler landed fourth in the long jump with a finishing effort of 6.89 meters, a centimeter ahead of Joyner-Kersee in fifth place. The American will retire after the Goodwill Games next year.

The long-jump victory of Liudmila Galkina, at 7.05 meters, produced, amazingly, the first gold medal for Russia of the championships. Niki Xanthou became the leading Greek performer of the long week with a fourth-round jump of 6.94 meters for the silver medal.

Marion Jones, the 21-year-old American, became the first double medalist of the championships when she helped the United States win the 400-meter relay in 41.47 seconds, just one-tenth of a second behind the 12-year-old world record of East Germany. But Jones's inexperience showed when she fouled her first two attempts in the long jump before finishing 10th with 6.63 meters.



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